World news

S. African British violence claims 2 deaths

Two black men were burned to BRITISH TELECOM is returning to death in South Africa and a police the international capital markets failed to explode, police said. One of issue up to \$500m worth of commer the men died at Kwallashu, near cial paper in the US. Page 6 failed to explode, police said. One of Durban, when a crowd of about 100 blacks set him alight, The other was found dead in Mbekweni town-

spent the weekend preparing con-tingency plans for what they betiligency plans for what they be-lieve will be the largest yet unoffi-cial work stoppage by black miners on May 1. changed despite calls for a reduc-tion to match those announced in the US and Japan. The French

On Friday, the Rand Supreme Court refused an urgent application by the Chamber of Mines to prevent the National Union of Mineworkers from calling a strike on May 1. Strike threat, Page 2

Dutch campaign

Campaigning began officially at the weekend for Dutch general elections with opinion polls showing the centre-right Government of Prime Minister Ruud Lubbers in danger of losing its majority.

Belgian strike plan

State employees in Belgium are to hold a 24-hour strike on May 6 in protest against government economic austerity proposals, union of-

Ambassador named

Jordan has named an ambassador to Syria, its first for five years. Diplonatic ties between Jordan and Syria have been at charge d'affaires level since early 1981 after a deterioration in relations.

Waldheim invitation

Kurt Waldheim, the former UN secretary general and candidate in Austria's presidential election on Sunday, has invited a World Jewish Congress official for talks in Vienna after the election to seek to clear the allegations about his wartime past. Page 2

Assembly in disarray The first session of Sudan's newly

elected Assembly broke up in disarray at the weekend Members voted eign debt at the end of 1985, according to the central bank. Page 2 to meet again on May 6 after failing to agree on formation of the :Government. Page 2

Chemical weapons

British Government has agreed to production of a new generation of chemical weapons by the US. The agreement will be formally conveyed to the US at a meeting of Nato-ambassadors in Brussels today.

French N-test

France carried out its first nuclear test this year at Mururoa atoll, New Zealand scientists said.

Election violence More than 200 people were

wounded as rival Bangladesh political groups fought with knives and hockey sticks amid campaigning for the May 7 general election.

S. Korean rally

Riot police fired tear gas to disperse more than 1,000 student demonstra tors in Chungju, South Korea, after an opposition rally calling for electoral reform.

Pasternak's works

A new edition of works by Boris Pasternak has been published in Moscow with some poems appearing for the first time.

Prost's grand prix

French driver Alain Prost won the San Marino grand prix at Imola, Italy, finishing nearly eight seconds ahead of Brazil's Nelson Piquet.

Fast Topaze wins

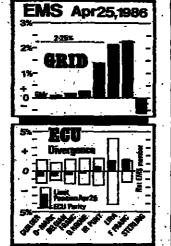
The favourite, Fast Topaze, owned by Mahmoud Fustok and ridden by Cash Asmussen, won the Poule Poulains Longchamps.

Telecom to raise \$500m

Business summary

man had a narrow escape when this week for the first time since its hand grenades hurled at his home privatisation with a programme to privatisation with a programme to

EUROPEAN Monetary System: The Dutch guilder replaced the D-Mark as the weakest member last week ship at Wellington near Cape Town. as the weakest member last weel South Africa's mineworkers as further dollar weakness booste the D-Mark, However, the Bundes bank left its discount rate un-



cern about the continuing risk of a changed, the net import bill for oil sharp decline in the dollar in the faced by industrial countries will be franc remained very firm and was there is a danger that a country with a depreciating currency might % to 1 per cent higher in 1987 as a be pressed to shoulder "an undue share" of the burden of resisting unexpected exchange rate shifts. That are expected to be reduced by 1 to placed at the top of the system while the Belgian franc was also firmer in relation to its central rate. Sterling was a little weaker against its fixed Ecu central rate amid conwould require it to tighten mone-tary policy, and that, in turn, might weaken global economic growth.

1½ per cent.
The report
ment at the tinued speculation that there would be an early entry into the EMS ex-The IMF report, however, presents a generally optimistic world economic outlook. It says that for

The chart shows the two constraint on European Monetary System ex-change rutes. The upper grid, based change Jutes. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the Ura) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TURKEY had a total of \$25bn in for-

PERU will today pay \$17.7m in back interest to its commercial bank creditors, the first such payment since President Alan Garcia took office last summer. Page 3

CONFEDERATION of British Industry and the American Chamber of Commerce in the UK are supporting a challenge to a California state ruling which they see as a serious threat to component manufacturers. Page 6

TRANS WORLD AIRLINES, the US airline, blamed terrorist attacks and other factors for a higher first for BankAmerica link quarter loss of \$169.6m. Page 21

MOBIL OIL, the second biggest US oil company, is maintaining its quarterly dividend of 55 cents a share. Page 21

BY WILLIAM HALL IN NEW YORK FIRST Interstate Bancorporation, the Los Angeles-based banking group which earlier this year of-

DAI-ICHI KANGYO Bank has pulled off a coup in the Eurocredit market by becoming the first Japanese bank to win sole mandate from a state-guaranteed French borrower. Page 19

HASTECH, the private US electronic printing-equipment company, has been bought by Crosfield Electronics, the printing-equipment subsidiary of De La Rue, the diversified

British security printer. Page 21

CHEUNG KONG, Hong Kong flag-ship company of Li Kashing, challenged the findings of an investiga-tion that found him guilty of insider dealing. Page 19

SKANSKA, the Swedish construc tion and investment group, reported pre-tax profits down from SKr 919m to SKr 811m (\$115m) for 1985 and announced the resignation of its president. Page 19

TELEFONICA, Spain's growing telecommunications concern, is to seek a listing on the New York Stock Exchange, Page 21

A YOUNG British tourist was shot lish any link between the bomb and dead in Jerusalem yesterday in a the murder in Lyons on Friday of a weekend of worldwide attacks on British businessman, Mr Kenneth

Our Foreign Staff writes.

The British Bank of the Middle

Mr Paul Appleby, aged about 25,

East in West Beirut was the target

nor claims of responsibility.

The spate of weekend attacks be-

gan in the early hours of Saturday with a powerful explosion in Lyons, France, which badly damaged the another US company, Control Data. Police did not immediately estab-

Radio station claimed responsibility on behalf of the hitherto unknown Group 219 FA.

seen her attacker before and he was subsequently arrested.

ages \$15 a barrel for the rest of 1986

\$60bn lower on an annual basis.

The report expresses disappoint

ment at the performance of devel-

oping countries in 1985 when, partly because of slower industrial-coun-

try growth, output fell to 32 per

cent from 4.1 per cent in 1984. It

projects a further slight decline to 3

per cent in 1986 and a rise to 3.4 per cent in 1987.

Capital-intensive, fuel-exporting

be able to attract the necessary ad-

ditional financing "only if they un-

dertake economic reforms urgent-

ly," and then, for many of them, the funds will not be available from

commercial banks on a voluntary

Details, Page 3; Editorial

comment, Page 16

BankAmerica said on Friday that

it was not interested in merging with First Interstate, but First In-

terstate's decision to publicise its

continued interest in BankAmerica

will heighten speculation on Wall Street that, somer or later, some-

body will make a bid for the coun-

try's second-largest bank which has

been hit by soaring loan losses and recently passed its dividend. Bank-

America shares have jumped from

a banking organisation with pres-

few months.

ment team which has been hit First Interstate believes that "our

moved an "explosive device" from a car near the US embassy in Mexico City. In Bahrain, the US communications officer who was shot in North Yemen on Friday was said to be making a good recovery yester-

dent Ronald Reagan's national se-curity adviser, said at the weekend

Admiral Poindexter, who is ac-companying President Reagan on his 13-day tour of the Pacific, said

US officials said they were encouraged by the latest moves by West European governments against Libyan nationals in their countries, including Britain's action against 300 aviation students.

They still do not, however, believe the Europeans will go along with economic sanctions against Libya, which President Reagan is expected to urge at the summit on May 4-6. Mr George Shultz, the US Secretary of State, repeated his view in a weekend interview that the Libvan economy was so weak economic sanctions would work - a view not shared by many European governments.

Mr Shultz hinted again yesterday in a television interview that the US

Defence Secretary, is expected to

decide in the next month on wave of

cutting at least £1bn (\$1.54bn) from

the British defence budget for each

of the next three years. Savings of that order are neces-

sary if the Ministry of Defence, the

second highest spending depart-ment in Whitehall, is to meet the

stringent targets set by the Govern-

ment after its decision to level off

defence spending over the next few years. Cash budgets are £18.5bn for this financial year and £18.8bn and

£19bn for the two subsequent years,

a decline of some 7 per cent in real

The Defence Secretary has re-

ceived a set of recommendations

from defence officials and service

chiefs suggesting that spending on equipment, now at some tibn a

year, will have to bear the brunt of

the savings needed.

The recommendations, which

have been drawn up as part of the

annual process of costing defence

spending over a 10-year period, fall

Mr Younger faces, however, a dif-

ficult political decision. While it is

probable that the so-called "saiami

slicing" of the defence budget now

recommended by his officials will keep spending sufficiently in check

for this year and possibly next, the

ospects for 1988–89 – the last pos

sible year for the next general elec-

His alternative might be to take

more drastic action now to avoid

risking the danger of a full-scale de-

fence review in the run-up to an

election. The minister is thought to

have considered that course, al-

though those close to him believe

tion – are much less certain.

short of a defence review.

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MR GEORGE YOUNGER, the UK that he will ultimately follow his of

estimates.

than anticipated.

cluding construction.

level projects might be affected.

Royal Navy's shipbuilding pro-

Details, Page 8

Asked if covert operations were a possibility, he said: "It is important to have a variety of things we can do ... Covert action is something we need to be using." He declined to specify what sort of operations might be considered, saying only that it "is certainly intended to be

He rejected firmly, however, any change in US laws, which make it illegal for the US to assassinate a foreign leader.

While reports from Tripoli sug gested last night that the depend ants of the 5,000 British technicians employed in Libya were being aded to leave by the UK Embassy Italy announced that it was expell-

Continued on Page 18

ficials' recommendations.

Although the Government has

planned for a levelling off in de-

fence spending, after a growth of

some 20 per cent in real terms since

1979, figures published earlier this year showed a probable decline by

1989 of some 7 per cent in rea

terms. That might be even higher if

inflation, wage or exchange rates

rise above the relatively low levels

set in the public expenditure

The Armed Services Pay Board,

ple, is believed to have recom-

mended rises of nearly 7 per cent, which if accepted would be higher

London's Big Bang legislation could face delay

By Alexander Nicoli In London

PASSAGE of the UK Financial Services Bill, which will establish a new regulatory structure for the City of London after the Big Bang reforms due in October, might be delayed until after the summer parliamentary recess.

The report stage of the bill in the House of Commons, tentatively scheduled for early May, appears increasingly likely to be delayed, perhaps until June, because of the many amendments that are likely to be tabled.

The Department of Trade and In-dustry (DTI) said a slot would be sought for a House of Commons debate at the report stage in either early May or early June. Officials said there were strategic reasons for waiting until Juge. That would mean, they said, that the bill would probably not receive Royal Assent which is necessary for implementation - until October instead of the July date that had been targeted.

The results of such a delay might be a lengthy hiatus between Big Bang, which will radically after practices in London securities markets, and the creation of the new self-regulatory structure envisaged to oversee them.

Passage of the bill will set in train a series of phased steps involving the delegation of the Government's regulatory powers to the securities and Investments Board (SIB) and the subsequent empowering of Self-Regulatory Organisations (SROs).
Although the SIB has already

in its report for this year, for exam- drafted conduct-of-business rules for investment businesses, the rules, even in their final form, will have no power until the SIB is officially authorised. Defence officials do not believe There are likely to be between the situation is serious enough to 200 and 300 amendments, many of

Defence officials do not believe them brought by the Government warrant a full-scale defence review itself. There is a strong feeling that it is more sensible to have as many that would cut Britain's actual defence commitments, which now range from full membership of Naas possible dealt with at the report stage rather than introducing them to to the maintenance of forces capable of intervening in Falklandslater in the House of Lords. type circumstances. But they see If many contentious amendments were introduced at as late a stage little room for manoeuvre except in

cutting back on weapons promireas in the House of Lords, there ment and certain support areas inwould be a risk that the bill might be further held up when it returned The "salami-slicing" they recomto the Commons. mend envisages delaying many programmes and cutting others. Although major programmes such as though major programmes such as the second of SROs from litigation, now being demanded by SROs as an essential Among key issues likely to be the £10bn Trident nuclear missile

precondition for their creation; and submarines apparently remain sacrosanct, a wide range of medium-DTI ministers and officials have Prime target for cuts will be the

conducted an extensive review of the bill during April, after the Commons committee stage. The Govern-Continued on Page 18

Worldwide spate of attacks on Britons, Americans discussed at next week's Western was ready to undertake covert oper-Elsewhere Mexican police reations against Libya.

British and American people and property that were possibly provoked by the US attack on Labya, ufacturer.

from Bristol, was shot in the back of another pre-dawn bomb attack of the head as he walked alone near on Saturday. There were no casuthe entrance to the Garden of akies and a caller to the Christian semane. The attack was the third on a tourist in Jerusalem in two months. There were no apparent witnesses to yesterday's murder

offices of American Express and of Save the Children Fund, had not

IMF warning

on exchange

rates burden

UNEXPECTED changes in ex- The IMF doubts that the decline

change rates may still test efforts to in oil prices will have as large a pos-

improve the co-ordination of eco- itive effect on the world economy as

nomic policies by the leading industrial countries, the International higher oil prices had in the 1970s. It Monetary Fund (IMF) says, in its estimates, however, that on its as-World Economic Outlook, released sumptions that the oil price aver-

The report, which expresses con- and real exchange rates remain un-

economic growth of 3.0 and 3.2 per developing countries - such as Mexcent in 1986 and 1987. In 1985, real ico and Nigeria - "will face a diffigrowth in industrial countries cuit process of adjustment." The

While making clear that the proposed reduction in the US budget leffcit is an essential element.

First Interstate presses

FIRST Interstate Bancorporation, ing of a huge west coast banking the Los Angeles-based banking conglomerate, Bank of America and group which earlier this year of First interstate's predecessor banks

fered to rescue BankAmerica Cor- were at one time united under the

poration from the hostile ap- sprawling TransAmerica financial

proaches of Mr Sandy Weill, the for- empire controlled by Mr A. P. Gian-

mer president of American Ex-press, says that it is still interested grant and founder of Bank of

in merging with the troubled West
Coast banking giant.

Mr Joseph Pinola, First Interstate's chief executive and a former with First

senior BankAmerica official, told

shareholders at the company's an-

nual meeting in Los Angeles on Fri-day: "We see the combined compa-

ny to be of sufficient size and

trength to withstand the incursion

of eastern banks into our western

territory, long considered the most

prized banking region in the

His remarks, which came only

days before BankAmerica's annual

row, are bound to increase the pres-

sure on BankAmerica's senior man-

by a number of top level departures

Wall Street banking analysts

eting in San Francisco tommor-

BY STEWART FLEMING IN WASHINGTON

face of the US budget deficit, says

industrial countries, lower oil prices, declining inflation, easier

monetary conditions and a trend to-

wards reducing budget deficits hold out the prospect of somewhat faster

forts to improve the international

economic outlook, the report notes that cuts in the US deficit might act

as a drag on world growth. It offers

support for the idea that Japan and,

in some circumstances, West Ger-many, should be ready to adopt less restrictive budget policies to offset

such a development.

cent in 1984,

In Peshawar, Pakistan, a British charity worker, Ms Jill Scoones, aged 25, was shot in the hand and leg after a man had tried to kidnap her from a hotel swimming pool. Ms Scoones, who works for the

Admiral John Poindexter, Presi-

that the latest spate of terrorist in-cidents was "a rampage which will be short-lived." He was not convinced that the attacks were a direct response to the US air strike

the US would demand action, not words, from its allies when joint measures against terrorism were

UK seeks cuts **Biggest** advertising of £3bn in agency defence budgets formed

By William Hall in New York

THE WORLD'S biggest advertising agency group with annual billings of about \$5bn has been formed by the merger of three of America's leading advertising agencies, BBDO International, Doyle Dane Bernbach, and Needham Harper Worldwide.

Madison Avenue, the capital of the US advertising industry, has been full of rumours that Doyle Dane Bernbach (DDB), which provides advertising support for com-panies such as Volkswagen, and Needham, which is used for American Honda's advertising, were in merger talks. However, the announcement that BBDO International, the sixth biggest agency, was taking the lead in the merger will

cause surprise.

BBDO, with clients including Chrysler, Pepsico and Du Pont, had annual billings of \$2.50n last year, according to advertising Age, the industry's trade magazine. This compares with Young & Rubicam, the number one agency, which had \$1.653 in worldwide billings, and Saatchi and Saatchi, the fast-growing British group which had \$3bn in worldwide billings. Mr Allen Rosenshine, chief ex-

ecutive of BBDO who will head the new group, said yesterday that all three companies "came to the con-clusion that this megamerger of highly creative, independently strong agencies would be a tremen dously positive force in our busi-

We got the feeling that too many deals are being done just to build volume without enough attention to a real benefit or value added strategy for clients. We want to be nothing less than advertising's global creative superpower."

Tiffany to reopen in London

By William Hall in New York

a few yards" from the original shot so and Jean Schlumberger.

Continued on Page 18

TIFFANY & Co, the famous New York jeweller, which closed its fash ionable shops in London and Paris during the Second World War, is to reopen in London as the first step in a European expansion that will be partly financed by local inves-

Mr Charles Lewis Tiffany, who founded the exclusive jewellers in 1837, opened his first shop in London in 1868. The new 2,000 sq ft shop will open in the autumn in Old Bond Street in the West End, "only It will provide the full range of jew ellery designs, including the collec-tions of Elsa Peretti, Paloma Picas-

a low of \$12 to \$18% over the last Mr William Chaney, Tiffany's chief executive, who took the com-Mr Pinola, aged 61, told shareholders that based on the "most preliminary of deliberations," pany into private ownership by ortwo years ago, describes the Bond Street opening as "one of the most two companies could be forged into significant events in Tiffany's dynamic history." Tiffany plans to ex ence and power such to assure a popand its international presence by establishing shops in a number of European cities.

PLESSEY

To see how Swindon works, look who's working there.

Swindon works well. There's no better evidence than the companies are low and communications excellent. who have profited from it.

Leading manufacturing and distribution companies from all fields: engineering and new technologies.

They have found Swindon's workforce skilled and well educated. High product-

lvity here is matched

slashed journey times to Gatwick. To find out how this rare combination of advantages can work for you, get the

only by the quality of life. Yet overheads

Heathrow is an hour by road and

London just 50 minutes by train. The

opening of the M25 motorway has

Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon. Tel: (0793) 26161. Telex: 441149.

CONTENTS Companies 19, 21 World Trade 4

Britain 6–9 Companies 22 Unit Trusts...... 23-25

Lombard...... 17 – London

sprints to cut costs..... 10

Copyright law: anxiety over Editorial comment: IMF out-

Cummins UK housing policy: a £6bn solution 17

were surprised by Mr Pinola's comments, which were made in a only throughout the west but speech to shareholders, since they see it as the first step in the rebuildsee it as the first step in the rebuild-

over the last year.

nation.'

look; CAP 16

Insolvency in Britain: how Lombard: Japan's missing

US oil patch: not such a Lex: acquisition accounting; beautiful morning 16 asset values 18

Management:

Singapore 4

ALL SPECIAL SP 11

Waldheim seeks Jewish group talks Tighter

DR KURT WALDHEIM, the former United Nations secretary general and the leading believe that Dr Waldheim told dential election on Sunday, has invited a senior World Jewish Congress official for talks in Congress official for talks in Vienna after the election to clear the allegations surrounding his wartime past

Dr Waldheim has been at the centre of an international controversy following allega-tions that he was implicated in Nazi atrocities in the Balkans. He has forcefully denied the allegations which have been extensively taken up by the World Jewish Congress.

According to a poli com-pleted on Thursday and to be published today in BASTA, an Austrian weekly magazine, Dr Waldheim's lead over his Socialist rival has increased from 4 per cent to 7 per cent, with

Italy's trade

deficit down

to L1,095bn

The trade deficit for the first

quarter of 1986 totalled L5,675bn, down from LS,209bn

in the corresponding period in

Turkey had a total of \$25bn

However, about \$5,694m was

Turkey debt rises

ITALYS TRADE

L12.425bn.

Reuter

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the whole truth about his wartime past and only 2 per cent believe he was implicated in war crimes.

Dr Waldheim told BASTA that he would like to discuss the allegations with Mr Israel Singer, the secretary-general of the World Jewish Congress: "I would be happy to discuss all these things with him. I have nothing to hide and I believe that we should put our relationship back on a friendly foot-

He said that if he is elected he will make reconciliation with American and Austrian Jewish circles a priority. He foresaw no difficulties in future visits to the US or Israel, despite calls in both countries to have him barred entry.

The controversy widened at the weekend following an unexpected statement of support for Dr Waldheim by Mr Helmut Kohl, the West German Mr Kohl's remarks drew Chancellor. Mr Kohl, speaking in Salzburg on Saturday at a rally of the Afstrian Conservative People's Party which sup-ports Dr Waldheim, said that

he was shocked by the allega-

"I have known Dr Waldheim for many years and seen his work for Austria, for Europe and the United Nations. He is a great patriot. I do not have the vote here but if I was an Austrian I would know how to vote." he said.

He suggested that Dr Waldheim's accusers did not fully understand the war-time years. "Many of those who make accusations about him today

angry responses in Austria and angry responses in Austria and abroad. Mr Ronni Milo, Israel's deputy foreign minister, said "The fact that Mr Kohl is the Chancellor of West Germany obligates him to stay out of an affair like this. A German Chancellor capput set involved this cellor cannot get involved this way on the side of a candidate in elections in another country who has a Nazi past. There are serious suspicions about Dr Waldheim, which he has yet to address. There are two years in his past which he has erased," Mr Milo said.

Mr Kohl's statement will carry considerable weight in Austria and help to refurbish come from a later generation. Dr Waldheim's claim to (people) who experienced the man trusted by the world. Dr Waldheim's claim to be a

Japan starts work on bridge

BY CARLA RAPOPORT

JAPAN started work at the weekend on what it says will be totalled L1,095bn (£479m) in March, down from a deficit of the longest suspension bridge in the world at an estimated cost L1,510bn in February and a L2,364bn deficit in March 1985, of nearly Y1.000bn (£3.846bn). The bridge, Akashi Kaikyo the national statistics institute Ohashi, will provide the second Istat said imports in March and final link between Shikoku totalled L13,520bn and exports Island and Kobe, a major port city. Shikoku, where two crops of rice can be grown each

> fertile agriculutral areas. The 3.9 km suspension bridge ferry.

year because of the mild climate, is one of Japan's most

will stretch from a small island, called Awaiicho in the channel between Kobe and Shikoku to Kobe itself. A bridge from Shikoku to Awajicho Island was completed last year.

Construction of the bridge is expected to begin in 1988 and take 10 years. When the bridge is completed, it is expected to shorten the travelling time between Shikoku and Kobe to one-and-a-half hours from the two-and-a-half hours it takes by

Kobe city officials said the bridge will be 333m high and 35.5m wide while the distance between its central support and the shore on either side will be 1.99km. The Humber Bridge in

The bridge is expected to cost around Y383bn, with associated roads projected to cost another Y607bn. No contractors have yet been selected for the project. Only 6 or 7 per cent of the total funds will be provided from the public purse, the rest will be raised privately.

Afghan leader fails to address parade

the central bank, an increase of tion Day parade vesterday. Afghanistan."

\$3.72bn over the end of the previous year, reports David Barchard in Ankara.

| Afghanistan. | Mr Karmal, wife should have out of favour, as the Soviet presided over the most impordaily Prayda criticised his tam event in his Communist Government for not bringing

was in short term debt and His stand-in as main speaker. Union on March 30 for what came from foreign exchange Major-General Nazar Moham- was billed as a short unofficial holdings with the commercial mad, the Defence Minister, did visit.

(£16,6bn) in foreign (at PRESIDENT Babrak Karmal "failings which have hindered mated 115,000 troops from the end of 1985 according to missed Afghanistan's Revoluthe revolutionary process in Afghanistan.

Party's protocol-conscious calenstill undisbursed at the end of reforms fast enough. Reuter der, has not been seen in public the year. Much of the increase reports from Islamabad.

regarded as manageable by the international banks but it is nevertheless being watched said he appeared to be the closely.

Pravda also failed to name Mr Soviet leader Mikhail Gorbano longer hold if a new man chev, who has shifted Kremlin were in the "Argh," Kabul's policy and announced he presidential palace, diplomats closely.

Afghanistan and Pakistan are

due to resume peace talks through a United Nations mediator in Geneva on May 5 and diplomats here said a change in the Kabul leadership could put heavy pressure on

Pakistan refuses to meet holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager, the holdings with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial mad, the Detence Manager in his true with the commercial made with the commer

security after Lyons bomb blast

By David Housego in Paris

FRENCH POLICE have tightened security around the offices of British and US companies in Lyons after Saturday's bomb explosion in the building housing American Express offices.

Responsibility for the attack, which also damaged the offices of the US group Control Data, was claimed by an unknown organisation calling Itself the Revolu-tionary Arab Front.

Police yesterday believed that there was no link between Saturday's aftack and the killing on Friday in Lyons of Mr Kenneth Marston, regional head of Black and Decker, the US tool manufacturer which has its headquarters for south eastern Europe in Lyons.

Mr Marston was shot with a hunting gun when leaving a naming gun when leaving his house. Though res-ponsibility for the murder was also claimed by an Arab movement, police are doubt-ful of the authenticity of a tape-recorded message, which was telephoned to local news

agency offices.

Scribbled on the walls of the building where the bomb went off on Saturday morning were the words "go home American Express -- Control Data-Black & Decker."

The attack on American Express is likely to have further damaging consequences on US tourism to France. Hotels are reporting between 25-40 per cent cancellations by Americans since the heginning of the year — the com-bined effect of a falling dollar and fears of terrorism.

The bombing of American Express comes at a time when France's second largest city, has been actively promoting its claims as a European husiness centre. Among major US groups represented there are Hewlett Packard, the US electronics group, IBM and Ford.

• France detonated an underground nuclear device at Mururoa atoli yesterday, scientists reported, prompting an immediate protest from New Zealand, AP reports from Wellington.

South African mines Sudanese braced for largest stoppage on May 1

owners have spent the weekend preparing contingency plans
for what they believe will be
the largest-ever unofficial work
toppage by black miners on test of str

On Friday the Rand supreme court refused an urgent appli-cation by the Chamber of Mines to prevent the National Union of Mineworkers (NUM) from calling a strike on May 1.

The threatened stoppage, which has been called by the all-black membership NUM in support of demands for a paid holiday on May 1 to celebrate the centenary of Labour Day, has been opposed by the Cham-ber of Mines, the mine owners' co-ordinating body, as a paid holiday on May I does not form part of the current wage agreement between employers and black miners.

Neverthless, some of the ground appeared to have been cut from under the feet of the Chamber's members late on Fri-

De Beers is not a member of the Chamber, but is closely asso-ciated with Anglo American, South Africa's largest mining house. Last year Anglo American and its associates broke ranks with the chamber and improved on initially agreed black wage increases to avert a

AFRICA'S mine holiday on May 1 this year and In private mining house

executives believe that the May 1 holiday issue will become a test of strength for the NUM which presented its 1986 wage demands to the Chamber on Friday. Terms of the pay demand have not been disclosed but unofficial reports are that the NUM has asked for a 45 per cent increase in hasic Pay per cent increase in basic pay and other improvements to em-ployment conditions which add up to an effective 60 per cent increase in black wages.

Also on Priday, Mr Danie Steyn, the minister of mineral and energy affairs, handed the Chamber the third draft of the white paper proposing removal of the colour bar blocking black advancement into responsible line positions on the mines. He also delivered the propo-sals to the Confederation of

Mining Unions (CMU)-whose principal member, the all-white membership Mine Workers' Union (MWP)—strong opposes day when De Beers decided to grant a paid holiday to employees on its South African diamond mines.

Union (MWP)—strong opposes the dropping of race barriers—the dropping of race barriers—and, significantly, to the NUM for comments.

The draft white paper's proposals have not been disclosed, but according to unofficial mining house reports, the minister has proposed that he should have the power to decide the rate at which black miners can be trained to occupy jobs now reserved for whites.

That proposal is unacceptable Two weeks ago Witwaters to the NUM and does not rand Nigel, a small independent satisfy the MWU. One mining gold mining firm which was house executive said vesterday evicted from Chamber member-that the chamber would strongly ship last year, said that it would oppose anything less than total give all its employees a paid abolition of job reservatior.

GE withdraws investment

BY JIM JONES IN JOHANNESBURG GENERAL Electric of America nical know-how.

has quit South Africa and sold its entire assets to local its name to Genwest, management for an undisclosed The South African ope amount to be paid over a number of years. Sale negotiations have been

taking place since November last year and focused on ensur-ing the American parent's and to continue providing tech-

African company is to change

The South African operations employ about 500 people and are mainly involved in repair and servicing of electrical equipment and assembly and manufacturing of electrical components. GE ceased manufacturing beauty electrical equipment are party electrical equipments. agreement to maintain compo-nent deliveries to South Africa ment in South Africa several

deadlock over seat allocation

By John Murray Brown in

THE first cession of Sudan's newly-elected assembly broke up in disarray over the weekend with members voting to meet again on May 6, having failed to reach agreement on forming

2 new government.

A dispute over the allocation of ministerial portfolios has lett the two main parties, the Umma

and the Democratic Unionists (DUP) deadlocked.

The DUP, the junior partner in the likely coalition, is reportedly claiming the interior and foreign ministries and the key domestic ministry of com-merce. The party is also said to be demanding two seats in the proposed five-man supreme council which, in the absence of a presidency, will become the country's new sovereign body. However, yesterday there ap-

peared broad agreement that Umma should hold the finance portfolio, with Mr Abdul Rakim Mirghani, chief economic ad-viser to the Kuwaiti Fund and a former governor of Sudan's central bank, tipped to take that

office.

The Umma party, which won 29 seats in the recent elections, still hopes that Dr John Garane. whose rebel Sudan's People's Liberation Army (SPLA), is fighting a civil war in the south, will take a seat in the 301-seat

assembly. However, the rebel movement said in a radio broadcast vesterday that it will not recognize

or take part in the new government being formed in Khartoum. The declaration was issued after weekend talks in the Ethiopian capital, Addis Ababa.

with representatives of the Umma party, and the National Alliance for Salvation, an umbrella group of political parties, trade unions and interest groups.

Iran 'crushes attack'

Iran said yesterday its ferces crushed an Iraqi dawn attack on the southern edge of the ailrich Majnoon islands in southern Iraq's Hawizah marshiands, Reister reports from Bahrain,

In Baghdad, an Iraqi war communique said 1,950 Iranians were killed in an eight-hour battle in Majnoon.

W

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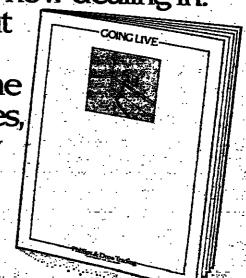


jobbers Edwards, Jones & Wilcox which we have moved to the City.

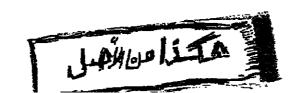
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Phillips & Drew Trading



)r

UK approves US plan for chemical weapons update

THE BRITISH Government has would go through without pubagreed to the production of a licity as part of the routine new generation of chemical "force goals" planning process, new generation of chemical "force goals" planning process, weapons by the US. The agree which is normally agreed by

Britain's agreement represents an important stage in the modernised, retaliatory capabi-modernisation of Nato's lity in chemical weapons. Howmodernisation of Nato's lity in chemical weapons. Downchemical weapon capability. The ever, they also fear the political tik has not produced chemical storm that could result from the

does not intend to do so now. weapons even if, as it intended.

However, the US, which holds they were to remain in the US stocks of what amounts to Nato's and be deployed to Europe only current chemical weapons, has been forbidden by Congress to Unease has been growing in produce a new generation of weapons to modernise the Nato stockpile unless it has the approval of its allies to do so.

Nato military officers from General Bernard Rogers, the supreme allied commander in Europe, down, have long argued hat Nato would be at a severe lisadvantage in a future war given the large and more nodern chemical weapons stock neld by the Warsaw Pact

:ountries. The US has not produced ::hemical weapons—principelly
: ierve or mustard gases—since 969. Although the majority are seld in the US some are in

Vest Germany. The US now proposes to pro-" binary ' chemical veapons which only become ethal when two non-toxic hemicals are combined. The arst stage of the approval of the lan is due to take place today lan is due to take place today
Nato's defence planning comlittee attended by ambassadors
f the 16-member alliance. How
our it will not be hinding

ment will be formally conveyed civil servants and merely civil servants and merely noded through by ministers.

North Atlantic Treaty Organisation (Nato) ambassadors in Brussels today.

Britain's agreement representation of the civil servants and merely noded through by ministers.

Most European governments, under pressure from their armed forces, believe that the alliance should have a

Unease has been growing in West Germany, in particular, where an election is due in less than a year. The West German cabinet is reported to be split on the issue with Mr Hans Dietrich Genscher, the Foreign Minister, opposed to the move, and Dr Manfred Woener, the Defence Minister, in favour of

In a statement issued yesterusy the Defence Ministry in London pointed out that Britain's agreement at this stage did not mean that chemical weapons can yet be assembled. The US Congress had insisted that this should not happen before October 1 next year and only then if an international agreement to ban chemical weapons had not been reached.

Protracted negotiations towards such a ban are being held in Geneva in the multi-nation UN committee on dis-

ver, it will not be binding reason why a comprehensive, ntil agreed by defence mini-verifiable and world-wide ban ers in the third week of May. on all aspects of chemical Nato governments appear to weapons should not be reached are hoped that the decision by October 1, 1987.

Oil prices 'likely to rise again by 1995'

How \$10 a barrel this year it are likely to go back up \$25 to \$32 a barrel by the iddle of the next decade, cording to a US Energy De-ertment report released at the rekend, writes Reuter from ashington.

'The major conclusion of s analysis is that lower oil ices will not be sustained rmanently," the report by the ergy Department's Energy Administration

House energy committee made public by them. Determining the world oil ice for 1986 and 1987 is nearly rpossible because it depends most entirely on the level of bec (Organisation of Petro-um Exporting Countries) pro-age points in the inflation rate action (in particular Saudi The lower prices will also abian production)," the re-

Should Opec production exd current market demand by significant amount world ode oil prices could easily op below \$10 per barrel, wen the short-term marginal oduction costs of \$5 to \$9 per barrel for marginal should be short-term to \$9 per barrel for marginal for r barrel for most oil pro-

prices are at present out \$12 to \$13 a barrel.

could be sustained only through 1986, after which time oil prices would begin to rise because of demand recovery," the report

said.

If the average price of oil
were \$15 to \$20 a barrel this
year, prices could decline for two or three more years before

"In all three cases (\$10, \$15 and \$20 per barrel), prices eventually settle in the range of \$25 to \$32 per barrel in 1995. as excess capacity is reduced, because market forces are the The report was prepared at primary determinants of the report of cir members of longer term price level," the

> The US economy will benefit from lower oil prices while they last. The report predicts an increase of 1.8 percentage points in the gross national pro-

help create 1.1m jobs over the next four years while lowering the federal budget deficit by nearly 14 per cent, says the Energy Department.

An oil import fee proposed by some senators and congressmen would hurt the economy the most of any type of energy tax under consideration by raising inflation, reducing manufactur-ing output and increasing unemout \$12 to \$13 a barrel. ployment by 434,000 jobs a year "Prices of \$10 per barrel over the next four years it adds.

GM reduces financing rates to record lows

IY WILLIAM HALL IN NEW YORK

cut-price financing

inaryes.

General Motors Acceptance
rporation (GMAC), which
ers financing on GM vehicles,
offering a 5.9 per cent annual rchase of Chevrolet Chevette, ntiac Fiero, Oldsmobile Ita 88 and Buick Lesable Previously the rate

The financing, which comes with rates on unsecured sonal loans of between 14.5

NERAL MOTORS, the effective, mainly because it was rid's biggest car manufactargeted at one or two models er, has cut its financing and because the company ances to record lows in a bid nounced an average 2.9 per boost flagging car sales cent price increase earlier this ich have failed to respond to month.

GM says that GMAC's rates will be available on "nearly all GM passenger cars and light trucks." The company is continuing to ofter four-year financing at 8.9 per cent and five-year financing at 9.9 per cent.

GM's decision to escalate the cut-price financing battle underlines its concern about the sluggishness of US car sales. swith rates on unsecured In the first quarter of 1986, its sonal loans of between 14.5 US factory sales of cars fell cent and 19.5 per cent by 7.6 per cent to 1.2m units, red by US banks, takes and the latest industry figures it today and lasts until for mid-April, show that car 30. Earlier cut-price fing has not been very cent below a year ago.

Ultra mini microphone picks up even whise conversations. Use it with any pocket reco any specialist recorders. We cialise in solutions to your personal ations and secu protica from the fun to the fantastic. Come in for Peru makes payment of \$17.7m on debt interest

PERU WILL today pay \$17.7m (£11.49m) in back interest to its commercial bank creditors, the first such payment since President Alan Carcia took office last summer.

Though small in comparison

with outstanding arrears of \$450m, the payment is regarded as significant in the banking community. It comes on top of other payments this month to the international Monetary Fund and the US Government tation of the US Gramm-Rudman-Hollings Budget Deficit which taken together, could suggest that Peru is at last softening its hawkish stance towards foreign creditors who are collectively owed around

In recent months it has be come increasingly clear that President Garcia has been left isolated by his policy of unilaterally limiting debt service payments to 10 per cent of export receipts. Peru has suf-fered a serious loss of trade finance as a result.

Senior Peruvian officials now

say privately that this policy could be modified after the first anniversary of President Garcia's assumption of office in July. That would be a further gesture of conciliation with creditors, though it is unlikely that the policy of limiting debt service payments will dropped altogether.

debt extension

ARGENTINA is to seek a further six-month extension of public and private sector debt maturities amid signs that it is making only slow progress in talks with the International Monetary Fund on an economic programme for 1986, reports our Euromarkets Correspon-

The request was put last week by Mr Mario Brodersohn, the country's top debt negotia-tor, to a meeting of leading creditor banks chaired by Citi-bank in New York. It now has to be considered by all the country's creditor banks.

The six-month extension would give Argentina a breathing space until September 30.
A previous 90-day rollover is due to expire on Wednesday.

Last week's talks were com-plicated by the fact that more than \$1bn in Argentine bonds and promissory notes start to which were issued in exchange for private sector debt that matured early on in the coun-

try's four-year-old debt crisis. Commercial banks had been worried that they would be asked to raise additional loans for Argentina this year if bonds held by non-bank creditors were repaid. Instead all the bonds in the six-month debt extension. Argentine officials said they intend to incorporate measure: for dealing with the bonds in their 1986 financing plans

Chilean opposition threatens strike

Representatives of Chilean opposition groups met in defiance of a Government ban and threatened to call a general strike within 30 days to press demands for reforms and a return to democracy, Reuter

reports from Santiago. The meeting the broadest based in 12 years of military government under General Augusto Pinochet, was held without incident at the weekend at a church outside Santiago after police said a gathering at a theatre in the capital had

Six killed during Haitian protest

At least six people were killed and dozens injured at the weekend when troops fired on a crowd of 10,000 Haitians who had marched through the capital after a memorial service for political victims named. victims. organisers said, Reuter reports from Port-Au-Prince. An army officer and hospital sources put the death toll at eight.
Protest organisers said three people were electrocuted and three killed by gunfire in the most violent protest in Haiti since a popular revolt led to the fall of President Jean-Claude

Davalier on February.

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Printer: Frankfurter-Societies Princerel-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main L © The Financial Times Ltd. 1986. FINANCIAL TIMES, USPS No. 190646, published daily except Sundays and holidays. U.S. subscription days and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York. N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 80th Street. New York, N.Y. 1902. IMF ISSUES WORLD ECONOMIC FORECAST!

US caution needed to reduce deficit

BY STEWART FLEMING IN WASHINGTON

trial nations in formulating macroeconomic policies is the need to gauge the global impact of US efforts to reduce its budget deficit. They will need to assess whether to change their policies to offset the contractionary impact of deficit reduction in the US

This is one of the main economic policy conclusions of the International Monetary Fund's (IMF) World Economic Out-The IMF report cites questions concerning the implemen-

Reduction Act, which calls for a balanced budget by 1991, as one of the three main changes in the economic environment. It says that "the industrial countries appear now to have entered a period of sustained and better balanced growth," nomic expansion in the industrial countries with rises in real gross national product of 3 per cent in 1986 and 3.2 per cent in

Historically, it points out that

the current one - about three years - have typically started showing some strain. "A repetition of this type of cyclical pattern cannot be excluded." But the IMF adds that, with inflation continuing to decelerate, capacity utilisation not creating bottlenecks and the terms of trade of the industrial countries improving (partly as a result of falling oil prices), it is reasonable to take a more optimistic view of the sustain-

ability of the current expan-Although the nature of the economic policy issues facing the industrial countries is effective solutions has not come any less urgent. The IMF cites the issue of the policy response to Gramm-Rudman-Hollings, the depressing unem-ployment outlook in Europe and the need to avoid misalignment of exchange rates as three key

The IMF welcomes the "in-creased determination" of the US to tackle the budget deficit. although it does not assume in its economic projections that

A MAJOR challenge for indus- achieving the same maturity as the budget will, in fact, be to compensate for any tighten- portfolios would, therefore, balanced by 1991. Indeed, be-cause of its concerns about the impact of vigorous deficit reduction, it says a less rigid timetable consistent with maintaining credibility of major cuts in the deficit "would be all to the good."

Thus, although it accepts that budget cuts would act to lower US interest rates and the ex-change rate, which would be beneficial for growth, "net effects are likely to be negative in the short run" for the in-dustrial world. It goes on to hint at support for US efforts to encourage

accelerate the pace of their accelerate the pace of economic growth through post-poning further tightening of their own budget policies "if the United States is successful in reducing substantially its deficit." It calls unequivocally for "a

somewhat less restrictive fiscal position in Japan in 1986-87 while saying that "the justi-fication for a change in Germany's fiscal plans is more prospective than immediate." As for monetary policy moves

ing of US fiscal policy, the IMF says it is important that the tendency of market interest rates to decline in response to reduced Government demands for credit be accommodated. This "is the mechanism by which private expenditure is crowded in to absorb the resources released by budget-

ary restraint." But because of the need to retain the credibility of the anti-inflationary commitment of the authorities, it does not call for any active monetary policy stimulation except in countries where policy had previously been kept very tight because of exchange rate constraints."

The exchange rate outlook is addressed eliptically in the report, but it is clear that the IMF remains concerned about the risk of a dollar collapse and is worried about how the industrial world would respond

The March level of the dollar, it says, "is estimated to be sufficient only to stabilise the current account. The amount of dollars in foreign investors'

of more than \$100bn a year." It expresses doubts about investors' willingness to continue indefinitely to accumulate

US investments at this page. The dollar may well depreciate further, and this may be gradual or sharp, particularly if efforts to cut the budget deficit are not successful, it

The IMF says that efforts to bring down the dollar by the Group of Five industrial nations "were planned in ordination was assured. A rather different situation could emerge, however, if the need was to respond to an un-expected or potentially disruptive exchange rate change." The IMF also takes a gloomy view of the employment out-

look in Europe saying that its medium-term scenario sees unemployment in Europe dropping only 1 percentage point to 10 per cent by 1991 in spite of the sustained 3 per cent rate of growth assumed

Reagan in telephone talk with Marcos

PRESIDENT Ronald Reagan, Argentina wants

Argentina wants

Argentina wants nouncement added that Nancy Reagan had talked to Mrs Imelda Marcos during the same phone call. Mr Reagan regards Mr Marcos as an old friend.
Mr and Mrs Reagan stopped
over in Hawaii on their way to
Ball and the economic summit in Tokyo on May 4-6.

The White House confirmed that Mrs Corazon Aquino, the new Philippines president, would visit the US at Mr military audience that America for a mass rally on May 1, Reagan's invitation, probably in was "standing tall" and that Reuter reports from Manila. the autumn. Mr Reagan spoke to Mrs Aquino for the first time by telephone before leav-ing Washington at the end of last week.

In his public statements over the last two days, Mr Reagan has been portraying his 13-day Asian tour as designed to re-emphasise the US's Pacific role, and re-assert its leadership in the region. His mood, according to his advisers, has been "upbeat, magnificent." His tone has been unabashedly patriotic. In Hawaii he proudly told a

was "standing tall" and that since 1980 "not one inch of territory has fallen to communism and Grenada has been set

Mr Reagan is due to arrive in Bali tomorrow for talks with President Socharto of Indonesia and a meeting with the foreign ministers of the six Association of South East Asian Nations (Asean).

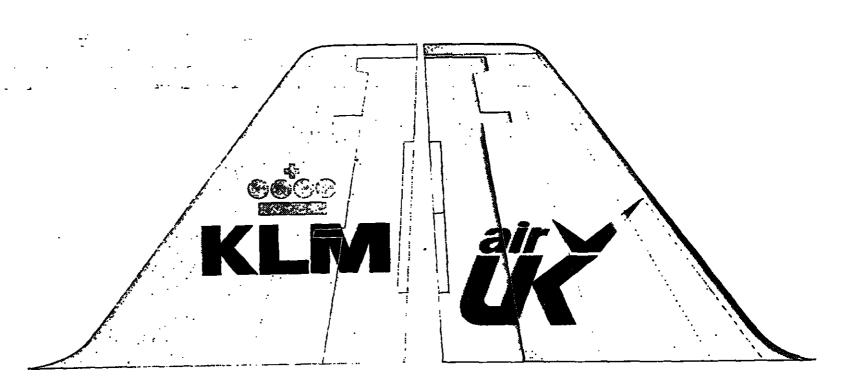
Mr Marcos told supporters by radio yesterday he would one day return to the Philippines and they should mobilise

Reuter reports from Manila. The broadcast from Hawaii was relayed by loudspeakers at a central park where 10,000 Marcos loyalists demand his return. loyalists rallied to

He urged his supporters not to use violence against his successor, Mrs Aquino, and said they should "double and quadruple" their ranks at a Labour Day rally in his support in Manila on May 1.

Reagan (right) . . . considers Marcos a close friend





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Charles assertables as a

The bill, introduced in parliament last month and published on April 4, will replace outdated legislation but will only be on the statute book towards the end of the year, after public hearings before a parliamentary

Progress is being followed lished editions. Both computer closely by authors and book software and cable TV propublishers, music and film- grammes come within its purmakers, software producers and even foreign governments. All have complained about Singapore as a "pirate's haven" because of its weak copyright because of

Chris Sherwell reports from Singapore on concern among lawyers, artists and software producers about planned changes to intellectual property

musical and artistic works and. separately, owners of recordings, films, broadcasts and pubgrammes come within its pur-

The bill, modelled on Australia's comprehensive copyright ments. The maximum penalty is legislation, seeks to protect authors of literary, dramatic, and/or five years' jail.

tions covering copyright.
This means that authors and

While praising the legislation's scope and toughness, however, those who have combed its provisions are up in arms over some aspects. One official of the International Federation of Phonogram and Video Video Type Producers In the case of Britain, Singa- lication elsewhere. to enact such as agreement in legislation.

Federation of Phonogram and Video Videogram Producers (FPI), which represents the two industries worldwide, called the bill a "threadbare" piece of legislation which needed drastic revision.

Concern is being expressed over four aspects of the bill:

O International applicability.

Although the Bill provides for multilateral arrangements with other countries, Singapore has still given no firm indication that it will sign either of the two main international conventions covering copyright.

To charact such as agreement in legislation.

In the US case, an accord seems likely to depend on US concessions to Singapore over continued trade privileges under the Generalised System of Preferences. Yet US legislation on renewal of such facilities requires President Reagan to take country receiving the benefits is already providing adequate and effective protection of intellectual property.

Transitional provisions.

Although the Bill evidently

 Transitional provisions.
 Although the Bill evidently aims to protect works covered producers from countries which by do not reach a bilateral accord wor by existing legislation, the wording means that some works covered now are likely to lose protection unless they were first with Singapore will only have their works protected if these within 30 days of their first publication elsewhere. available within 14 days of pub-

For UK works (and perhaps Commonwealth ones) already published but arguably not covered by the old law — like computer programmes already on the market—producers will have to establish protection under the new act by proving they were covered under the old.

covered by the old law — like computer programmes already on the market—producers will have to establish protection under the new act by proving they were covered under the old.

Burden of proof. Under Singapore's anti-piracy laws, persons prosecuted for being in possession of goods infringing the copyright law were presumed to have committed an offence and expected to prove their innocence. The new bill reverses this, placing the burden on the prosecution in a criminal case to prove that an infringer knew the works were protected.

Thus, the bill allows the tribunal to grant licences for production and publication of translations of works on payment of a royalty. This may even be possible without the original producer's explicit permission. Elsewhere the bill fixes royalties for recordings of musical works at 5 per cent of the retail price—potentially very low for an audio-cassette—is calculated.

Many of these concerns may well be ameliorated through the planned public hearings of a parliamentary committee.

But a commitment by Singapore's anti-piracy laws, prosecuted for being in producer's explicit permission. Elsewhere the bill fixes royalties for recordings of musical works at 5 per cent of the retail price—potentially very low for an audio-cassette—is calculated.

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Many of these concerns may well be ameliorated through the planned public hearings of a parliamentary committee.

But a commitment by Singapore's anti-piracy laws, proving the prosecution in a commitment proving the provin

to reproduce works and to settle bill seems to raise licence disputes, appears partly questions than it answers.

to reflect the Singapore Gov-ernment's desire to make copy-righted material more widely available more cheaply to the

public. Thus, the bill allows the tri-

pore to sign an international convention on the day the legis-The new Copyright Tribunal. convention on the day the legistribunal, set up to determine remuneration for licences much further. For now, the

Tough bill fails to end anxiety over Singapore copyright | Switzerland to insure SFr 710m for Turkish power plant

THE Swiss Government agreed to guarantee SFr 710m (£253m) of the financing for a coal-fired power plant of over 1,000 Mw to be built on the Sea

1,000 Mw to be built on the Sea of Marmara near Istanbul. The guarantee, however, falls short of the original request by the lead firm in the consortium, BBC Brown Boveri and Company, for SFr 1bn in Swissbacked export finance insurance for the project.

Total cost of the project is expected to be around SFr 3bn. Other firms involved include Marubeni of Japan and the Electricity Supply Board of

Electricity Supply Board of Ireland.

Officials involved in the nego tiations believe that chemest of at least one of the three original coal-fired power plants being built on the "Ozal model" are steadily improving. Several say privately that it is now only a privately that it is now only a matter of time before one of the projects gets under way.

Turkish Government negotiators are understood to have

tion about the vialibility of the "build-own-operate" model by tightening up the Government's the sale and price of the elec-guarantees on the purchase of tricity produced by the plants.

It argues that both sides in

They have also indicated that the ventura must accept risk the plants will be built in just as they do in a mesmal phases as financing becomes joint weature project, and that available on world money this will ensure more careful markets. "We are not going to use of foreign financing. build all three of the plants at Turkey is obviously also conthe same time," said a top cornect that the financing of the government official last week. Projects should count as an We don't need the amount of electricity which would be available if they all came on stream Meanwhile Turker is nego-

(£480m).

A consortium of Ansaldo and Gie of Italy and Alathom of France plans to build a plant over in the Turkish government, with a generating capacity of 1,050 Mw at Alage on the Aegean coast north of Izmir.

or more foreign companies to construct and aperate a project for 15 years before handing it over in the Turkish government.

The foreign partner would be expected to put up between 55 and 60 per cent of the equity.

Negotiations with the three original coal atation project consortia are believed to be proceeding steadily, though it is at it not clear whether the US Expert-import bank will drop its insistence on a sovereign guarantee for the

Turkey has so far been willing to offer only what it calls a "government guarantoe" on

asset item in its balance of payments rather than as an additional debt which would be the case if a sovereign guaran-

the were issued. tiating the construction of a linder the "build-ownpossible fourth coal-fired power operate" model, known as the
plant, also to be built out the "Ozal model" after Prime
"huild-own-operate" model. Minister Turgut Ozal who is
officials of the State Planning said to have refined it, a
Organisation said in Ankara Turkish state agency would
The cost would be Ecu Stom
form a joint venture with one
(£480m).

A consortium of Ansaldo and construct and aperate a project

Saudi Arabia to consider finance for Indian projects

BY FINN BARRE IN RIYADH

SAUDI Minister of Finance. Mr electric power generation and Mohammed Aba Al-Khail, agreed to consider propiding project in Madhya Pradesh Saudi financial help for three State, large Indian projects while signing agreements last week treamline procedures for with India on economic scientific and sultural co-operation. The three prajects are streamly wish to work in the Kingdom.

fic and sultural co-operation.

The three prejects are stready under consideration by the Saudi Arabia, with 250,000 under consideration by the Saudi Fund for Development the most important source of (SFD). They are a power starrepatriated hard currency earntion in Madras state, a hydro-ings for India.

SHIPPING REPORT

Evergreen shows way as container changes continue

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE container sector dominated shipping news last week, with changes in ownership announced at two of the world's biggest companies and a move

on to the competitive Atlantic trade planned by another.

And highlighting the continued pressures on major routes, the Container Insight market review said the cost advantage of Everyreen of advantage of Evergreen of Taiwan was so great that other lines would be hard pressed to

One line competing with Evergreen, the world's biggest container shipping company, is Britain's Overseas Containers Britain's Overseas Containers (OCL), now to become a full subsidiary of Peninsular and Oriental Steam Navigation.

P & O is paying around £150m for the combined 53 per cent share of OCL held by two other companies. The deal was seen in the market as a sign of confidence in both OCL and the long-term prospects of containerised liner (scheduled service) shipping.

transmission and total control of the control of th

down by the surplus.

As a result, OCL's profits will fall this year from the record £70m before tax of 1985. At the same time, however, OCL has moved on to the Atlantic market with its half-share in Trans Freight Lines. market with its half-share in Trans Freight Lines.

OCL does not expect to make large profits on the route for some time, but the move is its first outside the Europe-Middle/ Far East-Australia runs. Next month two OCL ships, the Falmouth Bay and Strathsonon. will move on to the Atlantic.

Sea-Land, the big US liner graup which is also a major force on Atlantic and ofber

graup, which is also a major force on Atlantic and ofher routes, last week accepted \$650m (\$453m) from the CSE railway groups to stay out of the clutches of Mr Hareld Simmons, the predatory Texas businessman.

businessman,
Like many companies, SeaLand's profits have taken a
beating on the over-tennaged
Pacific. But the attractions of
the Atlantic, which had its
bruising competitive phase a
few years ago, have tempted
Nedloyd of Helland on to the
scene.

Evergreen a major contributor to expansion of capacity, remains a problem. Mr Kerry St Johnston, chairman of OCL, said that in spite of an uppurp in cargoes from the Far East which it is pulling out of the depressed US-Middle East trade.

		OYMENT		
US 900s	Mar. 86 8,419.0	Feb. 86 8,527.0	Jan. 86 7,831.0	Mar. 8.
UK 900	3,324.0 13.7	7.3 3,354.0 13.2	6.7 3,408.6	7. 3.265.
W. Germany 2 000	2,447.4 9.1	2,593.0 2.6	2.579.3	2,474.J
Belgium 000s	504.6 12.3	521.2 12.6	540.4 13.1	570.0 13.4
France 900s	5cb, 84 2.434.0 10.5	jan. 56 2,493,9 10.7	Dec. 15 2-04.3	Feb. 81 2,485.1 10,7
Italy 90%	3,203.0 14.0	3,184.7 14.6	3,074.0 13.5	2, 970 .0
Netherlands 600s.	750.0 13.2	760.8 13.4	749,5	#81,9 14.1
japan 000s %	1,589.9 2.4	1,650.0 2.7	1,540.0	1,640.0 2.6

Akzo loses US court case

AKZO, of the Netherlands, has chloride. If made, the ruling lost a court decision in the US could have resulted in Du Pont over its long-running aramid having to pay Akzo for use of fibres patents battle with Du the solvent in marking its ara-Pont, of the US, AP-DJ reports mid fibre kevlar.

Akm asked the district court vious information available to in Richmond, Virginia, to declare valid its patent for a solution of the NMP solvent out.

Akm asked the district court vious information available to in Richmond, Virginia, to declare valid its patent for a solutive of the NMP solvent out.

The deal, which could be replace been going on for 19 months.

Alfa Romeo plans joint venture with Nissan

ALFA ROMEO hopes to sign the unsuccessful Alfa-Nissan

sale by General Motors in the US with a Pontiac badge.

Alfa's Arna project with

Pont, of the US, AP-DJ reports from Arabem. The two companies have been fighting over aramid fibre patients in the US and elsewhere for several years.

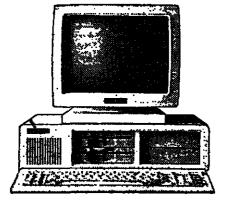
Alta Acone on opes to sign the unsuccessful Alfa-Nissan Alfa's Arna project with Arna car project based near Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese two years for a new joint venture vehicle to go into providing body shells wenture vehicle to go into providing body shells with Nissan is factory near Milan work for its factory near Milan with Nissan is signed. Talks wheel drive vehicle market for obviousness" based on prevalence in the US and fibre kevlar.

Alfa supplying engines are with Nissan involves the Japanese two years for a new joint venture agreement. Name car project based near Nissan involves the Japanese from the Cherry saloon and duction if format agreement with Nissan is signed. Talks wheel drive vehicle market for the cherry saloon and duction if format agreement of the state of the cherry saloon and duction if format agreement with Nissan involves the Japanese from the Cherry saloon and duction if form the Cherry saloon and the Cher the private and leisure sector IS with a Pontiac badge. but only about 50,000 Arnas of the market using an Alfa.

Talks on both deals have have been built since the car platform, engine and other was launched in August 1983.

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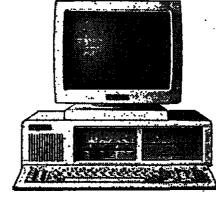
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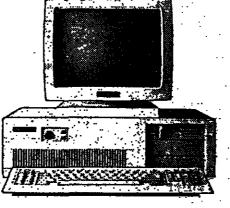
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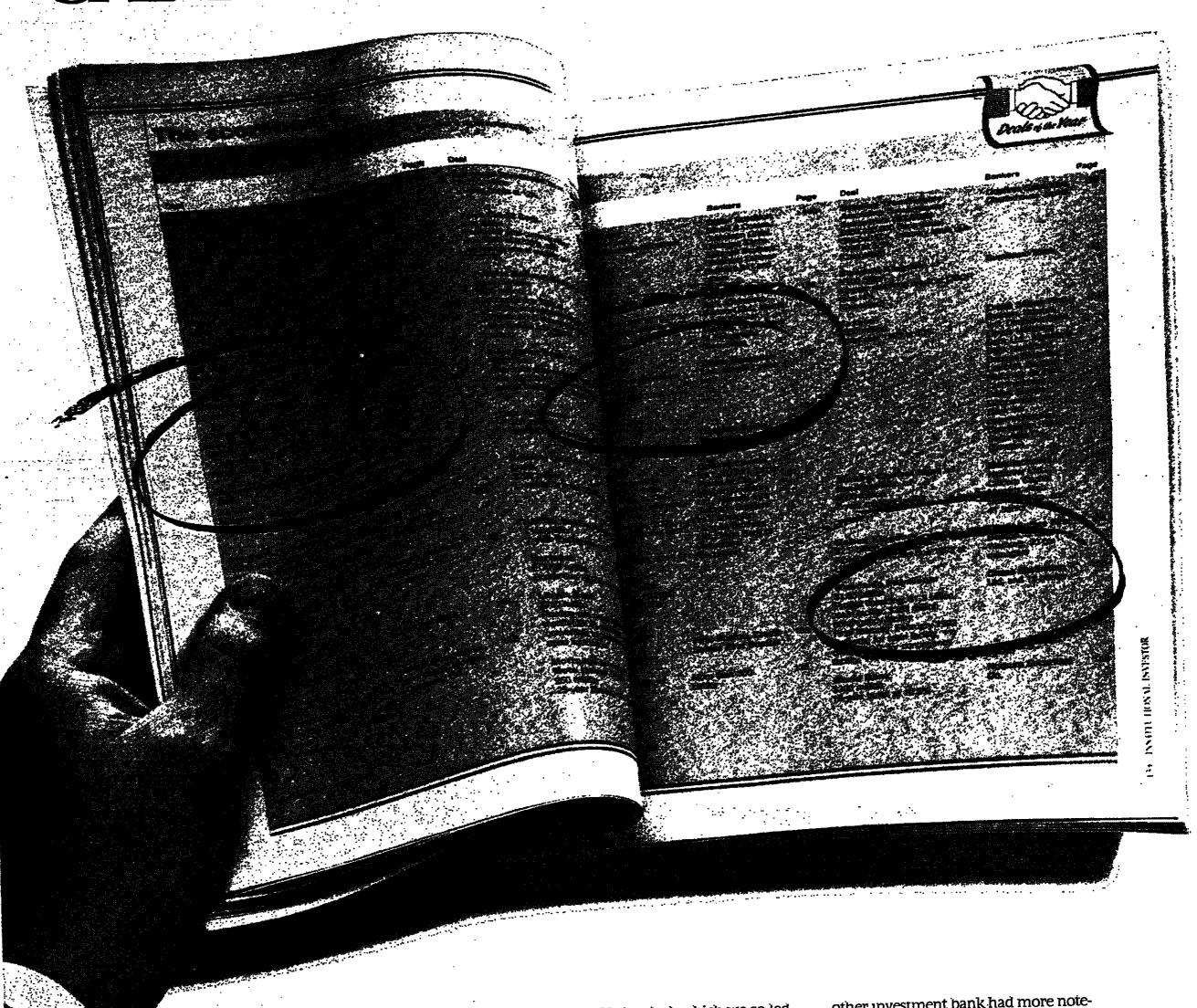
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IF YOU HAVE SOMETHING CREAT TO SAY ABOUT YOUR-SELF, LET SOMEBODY ELSE SAY IT.



We were going to tell you what a banner year we had at Chase Investment Bank, but somebody else beat us to the punch. Institutional Investor named our deals

three of "the most noteworthy of the year." For example, the Woodside Deal, the largest project loan of 1985. In Institutional Investor, Woodside's officer said, "on a loan this big and prominent, there aren't that many banks with which we'd feel comfortable, but Chase is one of them."

The Norsk Hydro deal, which we co-led with Merrill Lynch, the first pure Eurocommercial paper offering. In Institutional Investor, the Norsk Hydro deputy director of finance called it "a bold move...[that] established a market that seems here to stay."

And in another first, the China International Trust and Investment Corp deal, Chase led the first Hong Kong dollar bond for the People's Republic of China.
According to Institutional Investor, no

other investment bank had more noteworthy accomplishments last year than Chase. In fact, after reading their account, you might conclude Chase Investment Bank is getting to be a pretty big deal itself.

But we didn't say it. They did.



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TO THE HOLDERS OF THE OUTSTANDING US\$25,000,000 FLOATING RATE SUBORDINATED NOTES DUE 1989 (THE "NOTES") OF THE EARLY REDEMPTION ON THE INTEREST PAYMENT DATE FALLING IN MAY 1989 OF ALL OF THE NOTES BY THE ISSUER

Notice is hereby given to the holders of the Notes that, in accordance with Condition 5(c) of the Notes and pursuant to the provisions of the Trust Deed dated 4 November 1981, made between the issuer and the Law Deed dated a November 1981, made between the issuer and the Law Debenture Corporation P.L.C. constituting the Notes, the issuer will redeem all of the Notes then outstanding on the Interest Payment Date falling in May 1989 (the "Redemption Date"). The Notes will be redeemed at their principal amount plus interest accrued to the redemption date. Payments of principal and approach interest will be made on or after the redemption of principal and accrued interest will be made on or after the redemption date at the specified office of any of the paying agents listed below, against surrender of Notes with all unmatured coupons attached. Coupon No. 15 maturing in May 1989 should be presented for payment in the usual

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	2,403	2,133	12.7
	34,740	32,326	7.5
Net Assets per Ordinary Stock Unit	143.8p	136.3p	5.5
Dividend per Ordinary Stock Unit	2.5p	2.3p	8.7

Extracts from the statement by the Chairman, P.B. Prowting:-

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British Telecom plans to raise \$500m in US

BRITISH TELECOM is returning the company's treasurer, says the highest ratings, not only for comto the international capital markets this week for the first time since its privatisation in 1984 with a programme to issue up to \$500m worth of commercial paper in the US.

It has appointed Goldman Sachs. the Wall Street broking firm, as sole dealer for the programme. is-sues of US commercial paper -short-term unsecured deot - are likely to be followed later by a simiar programme in the Euromarkets.

BT has no immediate need for new money, but the operation illustrates the company's international growth aims. Mr Christopher Bull, ing agencies, have given BT their

Prison officers agree

to suspend action

(POA) yesterday suspended its sent home without pay.

general secretary, gave a warning at some prisons.

However, Mr David Evans, POA could lead to cuts in take-home pay

new inmates at 16 jails affected by MPs urge in a report published

the action. About 20 officers were today.

The report from the all-party officers were today.

time this has happened in the parliamentary penal affairs group

curred at Leicester prison where of- leaing all non-violent offenders in

ficers walked out at the end of their the last six months of a sentence of

Venture capital aids over-40s

ENTREPRENEURS who secure from financing companies belong-

their 40s, professionally or academ- businessmen who had received cap-

ically qualified and moderately ital were in their 40s, 93 per cent

ture Capital Association (BCVA), degree.

Mori interviewed 185 entrepremours who had received backing previously held management jobs—

shift instead of working overtime in less than three years.

venture capital to establish or exing to the BCVA.

BY DAVID THOMAS, LABOUR STAFF

campaign of industrial action in its

that industrial action would be

called at any prisons where gover-nors tried to impose budget cuts.

on Saturday. Staff turned away 270

The most serious problems oc-

pand a business are likely to be in

wealthy, according to a survey car-ried out by Mori for the British Ven-

BY STEFAN WAGSTYL

prison service.

might lead to a settlement.

raise both short and long-term capital in the international markets.

BT has already signalled its plans to expand abroad, including in North America, with the purchase of a controlling interest in Mitel, the Canadian telecommunications equipment group; an agreement to buy Dialcom, an electronic-mail business, from ITT: and a joint venture with Du Pont on opto-electron-

Standard & Poer's and Moody's Investors Service, the US credit-rat-

overtime down, which he admitted

The dispute began after a ballot of POA members produced an 81

per cent vote in favour of disruption.

to empty Britiain's jails, a group of

says that the Home Secretary

should take the one-off step of re-

It found that more than half the

were over 35, and 73 per cent had a

professional qualification or a

programme is a "strategic move in the positioning of BT to be ready to bond issues, should BT decide to borrow in that way.

Until the summer of 1934, BT had a \$259m US commercial paper programme with a UK government guarantee. That was discontinued before privatisation.

BT is also keen to attract foreign investment in its equity. It is among UK companies campaigning against the UK Government's plan to tax conversion of UK shares into New York-traded American Depositary Receipts. It has also applied to list its shares on the Tokyo Stock

Rolls-Royce plans small gas turbines

By ian Rodger

THE PRISON Officers' Association protest at four colleagues being ROLLS-ROYCE, the state-owned aero-engine group, is developing a small gas turbine engine to com-Mr Hurd said yesterday he dispute over staffing levels in the thought overtime made up too high hope that talks today with Mr a proportion of officers' wages and Douglas Hurd, the Home Secretary, he wanted to see staffing up and pete with diesels in many industrial markets.

The worldwide sales potential for the turbine, in the 2 megawatt to 3 Mw range, could be as high as £100m a year.

Mr Frank Turner, director of Rolls' industrial and marine divi-Prison officers were working normally yesterday after the 24-hour Most short-term prisoners protest action which ended at noon should be released six months early sion at Ansty near Coventry, said the opportunity for such a turbine had arisen because of advances in material and production technolo-

> Until now gas turbines have been unable to compete with diesels in power ranges below 5 Mw, except in special situations, bacause turbine production costs are higher than those of diesels and their thermal efficiency lower.

Rolls believes it can overcome these disadvantages by applying the latest material and production technologies used for its aero-

Mr Turner said the company's experience with dual-alloy metallur-gy, used to make the wide-core fan lades for the RB 211 aero-engine. could be adapted to make a highly efficient rotor for a small turbine.

Mr Turner said there were sever al potential applications for a 2 Mw to 3 Mw turbine. These included power and heat generation, railway locomotives, tanks and other military vehicles and small ships.

CBI in challenge to US jurisdiction claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Confederation of British In- restored by the California Suprem dustry, the employers' organisation, and the American Chamber of Commerce in the UK have jointly inter-vened in a case pending in the US Supreme Court in an attempt to ward off what they see as a serious that some of its components might threat to component manufactur- end up in California.

The CBI said yesterday it and the Chamber were supporting a chal-lenge to a California state ruling which involves broad claims of jurisdiction over foreign companies.

At the heart of the dispute is the extraterritorial application of US laws to foreign companies, which has frequently upset relations be-tween the US and its trade part-The case has arisen as a result of

a motorcycle accident in California which was allegedly caused by a burst tyre. The victim's family sued the tyre manufacturer, Cheng Shin would be vulnerable to product ha-Rubber Industrial, of Taiwan, for bility and other claims in American damages. The case was settled out courts if their products were interof court for an undisclosed sum of damages. Cheng Shin, which has a business

presence in California, then sued Asahi Metal Industry, a Japanese company which supplied tyre valves to Cheng Shin, for a contribution to the damages. Asabi has

no business presence or dealings in California, and its dealings with Cheng Shin were all in Taiwan. A Californian court ruled that it had jurisdiction to hear the case. This judgment was overturned by

This represents a quite unacceptable assertion of the jurisdic-tion of US courts," he said. It comes at a time when escalating product liability costs are already making life increasingly difficult for British manufacturers with established business links in the US.".

The ruling was that Caldornia

Asabi has appealed to the US Sn-

preme Court, seeking to have the ruling quashed. The case is due for

The American Chamber of Com-

merce and the CBI have made their

intervention because of the poten-

tially serious consequences for their members if the Californian

claim to jurisdiction were upheld Sir Terence Beckett, director gen

eral of the CBI, says the case could

have alarming consequences for

British and other non-US firms

Component manufacturers that had

no business dealings in the US

porated in goods sold into the US.

bearing in the autumn.

The American Chamber of Commerce, half of whose members are British companies trading in the US, sees the Asahi case as a gen-eral extension of US claims to have the state Court of Appeal but then jurisdiction over foreign companies.

Electricity supply faces union disruption

BY DAVID THOMAS, LABOUR STAFF

70,000 manual workers in electricity supply believe their members have voted for industrial action in a dispute over pay and productivity.

The unions said the ballot had been called because the employers had refused to increase their latest pay offer worth between 5 per cent and 5.5 per cent, and because manual workers had not been receiving enough productivity improvements.

UNION LEADERS representing promotion for manual workers to white-collar jobs. The outcome of the ballot will not be known until next week, but Mr Franks said that judging from mass meetings held throughout the cons-

try there is a strong feeling among the members that they will support industrial action without an im-The Customs and Excise said

yesterday that travellers were not being affected by the customs dis-Mr Fred Franks, national officer puts at Heathrow Airport. Talks for the electricians union EETPU, aimed at resolving the dispute. the largest of the manual unions broke down on Friday and union of yesterday blamed the grievance on ficials said action would be escalat-the lack of a unified grading structed, not just at Heathrow, but also at ture which would allow easier some ports.

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TWO NEW equity stockjobbing firms will begin to make markets on the floor of the London Stock Exchange this morning. They join two stock jobbing firms on the other newcomers which have re-cently started business. The influx of fresh names gives a foretaste of provides a foretaste of the enormous increase in competi- conditions after the Big quality personnel." tion likely after the exchange's Big Bang in October, writes Bang structural changes next Octo-

It fact the stock exchange expe about 60 member firms to be making markets in equities after the Big Bang, compared with about 14 in the past of which only five or six have been major players.

The new market-makers are

beginning cautiously. Wood Street Securities, from the Wood Macken-zie/Hill Samuel stable, will initially cover only four sectors - inves

big broking house Phillips & Drew, broking and jobbing will cover twice as many sectors but orously separated. it emphasised it would mainly be in ess to facilitate trades for P & D's broking clients. We are not here to win market share aggressively from other people," said Dr Paul Neild, head of equities at

Two American-owned firms have already joined the fray. Merrill Lynch (Equities), which began trad-ing early in March, is one of three separate member firms of the London exchange which the US securities giant set up. The other two are a gilt-edged jobbing firm and a bro-

Elsewhere, a Citicorp offshoot, Scrimgeour Vickers (Traders), began on April 1. It initially made prices in stores and chemicals, areas of particular expertise for its broking parent Scrimgeour Vickers.

Although one or two of the big broking houses, such as James Capel, are declining to become significant market makers, various others are expected to set up shop in the

next few months. Meanwhile, several market makers are already in business separately from the official stock exchange. For example, merchant bank Robert Fleming has taken a big share of the electricals market, and the London branches of New York York securities houses such as Goldman Sachs, Salomon Brothers

Barry Riley.

A number of these are expected to seek membership of the London exchange, but are holding off for the time being because they are re-luctant to comply with complex rules that apply to securities groups owning both broking and jobbing subsidiaries.

ment trusts, insurances, oils and some pharmaceuticals.

Philips & Drew Trading, the other newcomer and an offshoot of the Cuber 27, but for the time being broking and jobbing have to be rig-

> At Wood Street Securities, for instance, a screen has had to be built across the big, newly constructed trading floor. This physical embodiment of a Chinese wall will be torn down on the weekend before the Big Bang, and the traders will emerge from their corner to adopt new positions among the salesmen and agency dealers who talk to in-

As a special transitional conces-sion, traders will be allowed to enter broking premises early in the mornings for the two months before the Big Bang, but they must scurry out at sam and must not come back before the official market close at

For the next few months, all the new jobbing firms have been asked by the stock exchange to maintain a presence on the market floor at Throgmorton Street. After the Big Bang, however, much of the action is expected to switch "upstairs" to the various individual trading rooms, where already business is

done after market hours. A continuing scramble for more traders is certain to be seen in the next few months. For instance, Scringeour Vickers (Traders) has just 13 people, including trainees, on the market floor at present, but will need many more to fulfil its objective of covering six sectors by the Rig Bang and a dozen eventual.

He accepts, however, that the changes are necessary to help London develop as a major market place. His message to the new jobbers I wish them well, but not to the point where they pinch all our

Wood Street Securities has 19 traders, but wants to build this to nearer 40 by October 27. Phillips & Drew Traders is a little bigger with 25, including six trainees, ready to move into action this morning, but the firm is "still looking for top

Uncharacteristically, Lynch has adopted a low profile for its equity jobbing debut. Seven traders make markets in just 37 leading stocks. We are taking it very cautiously and are feeling our way," says Merrill's Mr David Ro-chester. "We are not coming in with our guns blazing as everyone may have expected. But, after the Big Bang, Merrill should be trading the top 100 stocks.

Like most market men, Mr Rochester lears the going could get tough. "It's going to be a very com-petitive market place." he says.

Dr Neild forecasts: *Conditions may be difficult in the early days after October 27. But we are planning to live through them, and any setbacks for the market could provide opportunities for us to pick up a big-ger pool of experienced people." It will not be a market for the

fainthearted, however. P & D's new owners, Union Bank of Switzerland, is thought to be committing several times the jobbing subsid-iary's nominal £5m capital to the new market making project.

One of the big existing jobbers, Wedd Durlacher, shortly to form part of the Barclays de Zoete Wedd grouping, is battening down the hatches ahead of the Big Bang. It has cut its domestic equity trading team from 70 to 60 and from today will cease to make markets in 55 minor stocks traded on the Unlisted Securities Market.

"We want to concentrate our resources where we will be able to provide a better all-round service, says Wedd's senior partner, Mr

But he fears it will not only be hard to make money out of such inactive third-line stocks, but also in the market leaders for which every serious securities house in the mar-ket will feel obliged to quote prices.

Austin set to launch diesel car in Italy

By Kenneth Gooding, Motor Industry Correspondent

AUSTIN ROVER, the BL subsidiary, will launch its long-awaited diesel cars in Italy next year and expects to sell them there at the annual rate of 5,000.

At least half will be incremental sales and the diesel, developed with Perkins, the UK subsidiary of the Massey Ferguson group, should help Austin Rover achieve a 2 per cent share of the Italian new car

Italy is one of Austin Rover's best Continental markets and sales last year reached 22,000 for a 1.5 per cent share. But 24 per cent of all the new cars sold in Italy, where diesel fuel is half the cost of petrol, have diesel engines and up to now Austin Rover has been unable to compete in this sector.

However, the diesel version of the "0" series engine is due to be in-troduced in the UK in the autumn three years behind the original target date – in a Maestro van.

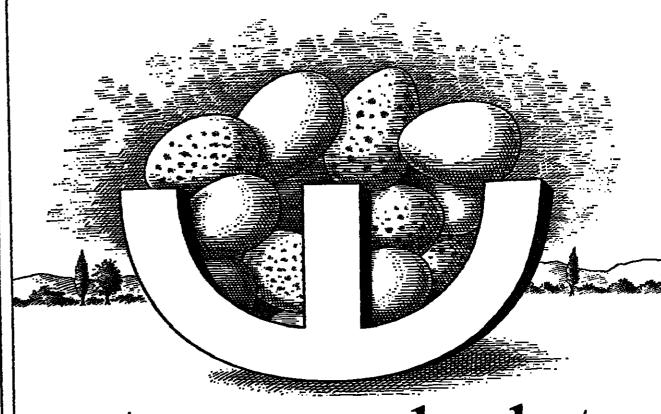
Mr Lorenzo Mercanti, managing director of Austin Rover's Italian subsidiary, said the company would offer a 2-litre diesel version of the Montego and the Maestro cars as well as a turbo-diesel version of the Rover 800, to be launched this year.

● Mr Gerald Ronson's Heron Corporation has decided to keep the Lancia Italian car import franchise which so far has proved to be one of its less-successful investments.

This became clear at the week end when Heron announced top management changes with Heron Trading, the division which controls Lancar, the import company, as well as Suzuki GB Cars and Heron

Mr John Norman, who was Lancar managing director, has become chief executive of Heron Trading and joined the Heron Corporation

Lancar's new managing director is Mr Denys Rohan who will continue for a while as managing director of Heron Power, the company which distributes Suzuki motor cy cles in Britain. He, too, joins the



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En-

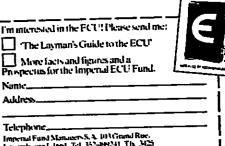
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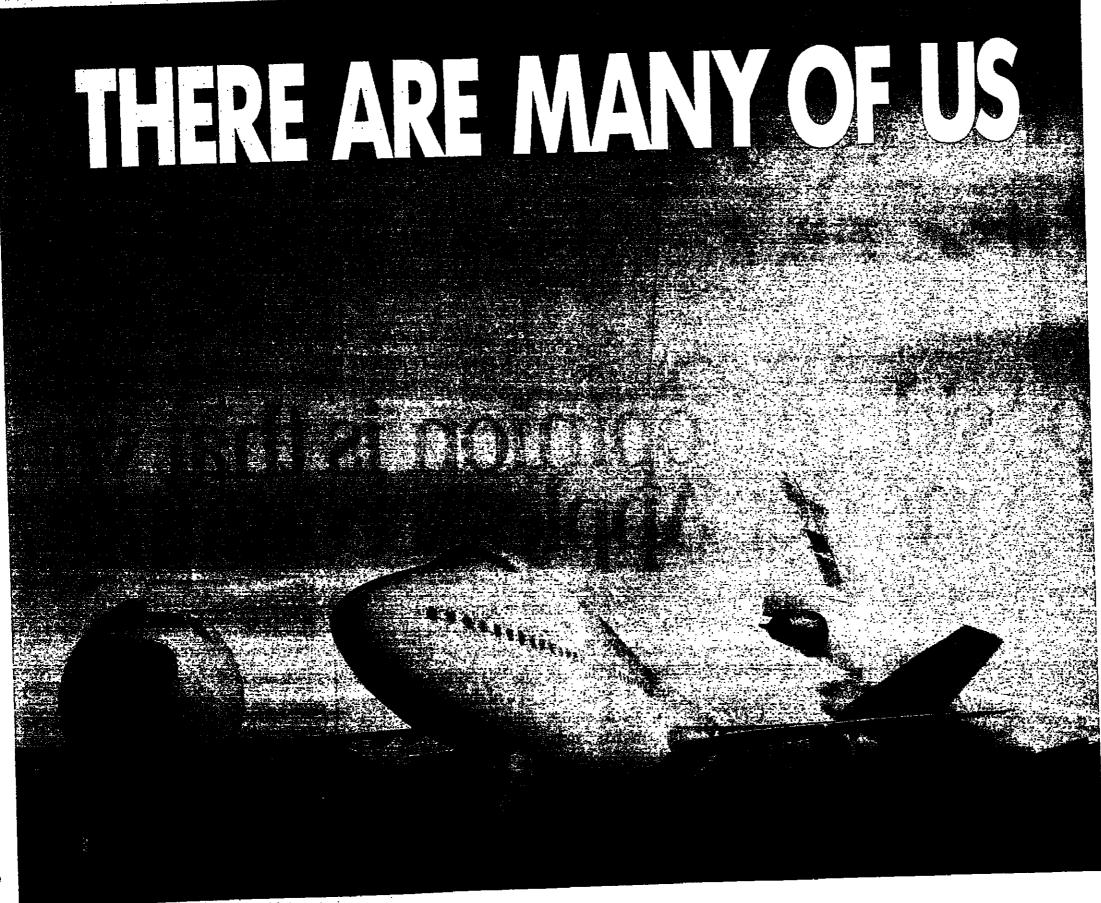
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April 1986

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Certificates of Deposit due May 12, 1987 (the "Certificates") Notice is hereby given that, pursuant to the provisions of the Certificates. The Bank of Tokyo, Ltd., Portland Branch ("the Bank") will prepay the outstanding principal amount of the Certificates identified below in full on May 12, 1986, the next interest Payment Date, together with the interest accrued to that date. Payment will be made against presentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 100 Broadway, New York, NY 10005. The Certificates being called are as follows:

May 12, 1983

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UK NEWS

RESOURCES SWITCH PUTS DEFICIT PRESSURE ON YOUNGER

Defence budget braces for the lean years

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WHEN Mr George Younger took re-ordering of the defence budget is over as Defence Secretary from Mr now taking place is known as the Michael Heseltine three months long-term costings (LTCs). The ago he knew he was in for a diffi- Ministry of Defence habitually cult time. But quite how difficult a plans defence spending over a 10task faces him, at least on the defence budget, is only now becoming

For the past week, Mr Younger has had several hundred pages of tail).
documents on his desk detailing choices he must make during the next month or so if he is to trim a probable minimum of Clbn a year for each of the next three years from the defence budget.

The exercise is necessary because, after seven fat years of defence spending since the Tories took office in 1979, the Government is now planning for at least three lean ones, with a projected decline in real terms of 7 per cent up to

The Government's decision to switch resources from defence to other areas of the economy is the main reason for the expected deficits. These are larger than anticflation, wage and exchange rates. fence review, in which whole com-

costs on the controversial Nimrod many, would have to be cut - alget, the need to insert new projects do its best to keep to the general like the European fighter aircraft aims of the last defence review in (Efa) into the programme; and financial problems stemming from The Nott review, which was largely greater efficiency in the shipbuild- invalidated by the Falklands war, ing yards which have brought deliv- reduced the size of the Royal eries, and so bills, forward faster Navy's surface fleet and hoped to than anticipated. Added to this, the see a decline of nearly 20,000 mili-£10bn Trident nuclear missile sub- tary and 70,000 civilian personnel marine programme begins to peak by this year.

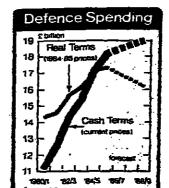
year period, with very detailed costyears are published in advance, however, and that in minimal de-

The LTCs take place annually: the armed services submit projected budgets in the autumn, with the central office of management and budget gradually reducing and co-ordinating programmes as the resources picture clarifies.

The resultant plans are considered in the spring by the Financial Planning and Management Group, the highest official financial body which is chaired by Sir Clive Whitmore, the Permanent Under Secretary, and includes Admiral Sir John Fieldhouse, the Chief of Defence

It is this body's report which is now before Mr Younger. The report ipated partly because of higher in- does not recommend a full-scale de-There are also many other fac-mitments, like Britain's undertak-tors including underestimation of ing to keep 55,000 men in West Gerearly warning aircraft, now several though it does apparently recomhundred million pounds over bud- mend that the Government should

Without such a review, the pres-The process through which the ent room for manoeuvre is slim.



Some 35 per cent of the total de-fence budget goes on personnel, and while only half the planned re-ductions in the armed forces have been achieved, service chiefs insist. they can be cut no further.

They also say little more can be done to shift service activities to the private sector, or from support areas to the frontline. Some savings have apparently

been recommended in these areas, but the brunt of the cuts will fall on the procurement budget, now standing at nearly £9bn a year.

This is despite the quite significant savings which are already being made to the weapons procurement budget because of the ministry's drive to get better value for money from defence contractors. Mr Peter Levene, Chief of De-

fence Procurement, hopes the total of contracts placed competitively this year will rise to 60 per cent of the total, compared to 30 per cent in 1979-1980 and 46 per cent in

He is also toughening terms for

contractors in other ways - his recent decision to withold more socelled progress payments, made to
contractors before their work is

place Britain's ageing conventional
ly-powered submarines with the
new T2400 vssel could be delayed.

It appears probable that the army

report is believed to detail at least five "baskets" of possible measures. These are described as ranging from ones that will cause relatively

anyway have been expected in the normal process of trimming back competing bids from the services to tougher and more controversial The first category already agreed

deficits by £200m-500m a year, but the remainder await ministerial Mr Younger is expected to have his first official discussions on the

measures later this week. But while the actual cuts which he will recommend are not yet known, the sensitive areas are already obvious. The Nott review intended that

the Royal Navy should have a surface fleet of 50 vessels, with eight of those on standby.

There are now 54, all active op-

erationally, This total seems certain to fall. This would be achieved partly by ordering fewer than the intended three new warships a year, which will be a further blow to an already suffering shipbuilding in-

It is also clear that a decision on whether or not to replace the amphibious landing ships Fearless and least for the next few years. De-Intrepid, reprieved in 1982, is again fence industries, too, have done unaffected, the programme to re- first.

The average management salary

is £11,516 a year, or £11,810 with ho-

But much more is needed to cope will get a seventh regiment of about with the deficits and the officials of the political parameters. of the political necessity of giving work to the Royal Ordnance Factories, soon to be privatised. But some of the army's new battlefield ownmunication programmes could be little pain and grief - and might delayed, as could the new long anyway have been expected in the range multi-launch rocket system. (MLRS) project.

Also at risk could be the modernie sation of battlefield transport, with the decision being deferred on whether the next medium-lift helicopter should be the proposed new NH 90 or the Black Hawk to be built by Westland under licence from Sakorsky of the US.

The RAF, which has the largest modernisation programme of all the services, may escape most lightly, at least in terms of large pro-grammes, if only because its budgetary problems are bound to be eased by the deferred arrival of new Tornado aintraft, now being sold to Saudi Arabia. However, a range of missile programmes as well as continued modernisation of air communications could well suf-

fer délays. The armed services acknowledge they have done well since 1979, with modernisation programmes greatly enhancing their capabilities. This will leave them better off than they

being deferred while a new study is well out of the seven fat years of Tocommissioned. Although the Tri- ry defence spending, but the new dent programme will apparently be austerity will inevitably but them

Plan to cut air

Call to end national pay scales

BY STEFAN WAGSTYL

COMPANIES operating national them because of the widening gap between salaries in the north and south of the UK. Reward Regional Surveys, an in-

dependent research company, says sales are not scrapped, those in the in its latest twice-yearly review of south could continue to find it diffimanagement salaries published to- cult to enter the housing market or day that the increase in house those in the north could continue to prices in the south is so much faster be overpaid with the company wastthan in the north that it is increasingly difficult to run an equitable national pay scale.

"Whether one likes it or not, the pay scales have been urged to scrap only sensible solution is to scrap national pay scales and relate pay much more closely to the local go-

ing rate"," says Reward. Reward says that if national pay ing money.

Reward says that for the first

time it has found proof that basic

pay increases are moderating. But increases will decline steeply increases in bonus and profit-sharing payments have pushed up total

earnings by managers.

Basic pay rose 6.6 per cent over more than inflation, says Reward it forecasts that by February 1987 earnings increased by 9.3 per cent, inflation will be running at 2.7 per says Reward, which surveys about cent and pay increases at 5.1 per

By comparison, basic pay rose by 8.7 per cent in the year to July 1985 and total earnings by 9.1 per cent.

Rewards expects that, with continuing low inflation, the rate of pay

autional average...

links criticised PROPOSALS to reduce the number

Management this year aims to give pay rises (excluding perforof connections between Heathrow, London, and other British airports should be rejected, according to the Air Users' Transport Committee, a lobbying group which represents UK air passengers and shippers, writes Peter Marsh.

Commenting on recent draft proposals by the Civil Aviation Authority, the committee says it is in fundamental disagreement with the CAA's plan to displace from Heathrow certain domestic routes.

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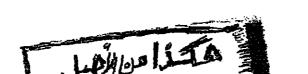
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UK NEWS

I to cut é

- criticise

Private developers may have bigger role in urban renewal

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is considering closer involvement of private developers and companies in the regeneration of inner cities, if necessary bypassing local authorities.

In a further phase of the review of urban policy, Mr John Patten, Minister for Housing, Urban Affairs and Construction, is considering ideas for creating more urban development corporations along the lines of those in London's Docklands area and on Merseyside in

Decisions on these and other ideas for the inner cities are likely to be taken in the next few weeks.
In a recent speech to the building industry, Mr Patten raised the question of whether there should be more urban development corpora-

He said: "The areas would have to be chosen very carefully, but the possibility is worth considering. Could the private sector help to take a more active part in one or

Mr Patten said he was deter- He said these authorities had been mined to foster urban renewal led tempted into taking too dominant a by the private sector. He said he role, not only in housing but also in by the private sector. He said he hoped to use a new urban regeneration grant to support this drive.

The minister said areas ear marked for renewal would generally include 100 acres or more of derelict and disused land or property. Such areas were likely to be too hig to be regenerated by a single project supported by an urban development grant. Buildings or plots within such areas could not sensibly be brought into productive use

suitable areas would be the willing-ness of private businesses to take so far received by him suggested there was no shortage of enthuvelopment industries.

Mr Patten also express cern about the social mix in some inner city areas where many homes the local economy as a whole.

Local authorities, he said. "have become not only the dominant landlord but often also the largest single employer. They have helped to create a command economy and a client society. They make too many of the choices that should be left to individuals. This fits poorly with the strategy approach to our urban

volving a partnership between cen-tral government, whether directly or through agencies, local authori-

what they could achieve not only as the providers of housing and other services, but also by making it possible for others to provide and manage houses. He said the role of the private Sector in a new partnership was essential and of growing

Manx

shipping

register

flourishes

THE ISLE of Man, off the north

west of England, has persuaded Canadian Pacific, the transport and

resources group, to join its fast-de-veloping shipping register by switching the registrations of two

bulk carriers from London to Doug-las, the Island's capital. This brings the island's registe to 42 ships. Another big name

which has switched to Douglas is

Ellerman. More switches are expected, since the ship mana

companies, Aallems and the Der holm group have set up subsidiarie

The main advantages to shipown ers of joining the Manx register are

financial. These include favourable taxation, and capital allowances.

One of the biggest attractions is a reduced personnel bill:

Captain Geoffrey Davis, chief ma rine surveyor for the Isle of Man dock board, says that the additional

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

April 29-May 1

British Electronics Week (0799 Chelsea Flower Show (01-834 25699)

Olympia 4333) Reyal Hospital, SW1

May 11-14

Business to Business Exhibition (01-729 0877) Barblean Centre (01-222 9341) NEC, Birmingham

May 11-18
London International Furniture
Show (01-385 1200)
May 29-June 7
Fine Art and Antiques Fair
(01-385 1200)
Olympia May 11-15 Domestic Heating and Plumbing Fair—HEVAC 86 (01-940 6055) NEC, Birmingham

Communications Equipment and cess Engineering Show cess Engineering Show cess Engineering Show (01-891 Systems Exhibition—COMMUNI-CATIONS (621-708 6707) Subject of S

May 18 Antiques Fair (01-883 7061) Alexandra Palace RoSPA International Safety Exhibition (021-780 4171)

NEC, Birmingham

Augus United Roses, we have united Roses and Exhibition (0859, 71111).

OVERSEAS TRADE FAIRS

May 2-15
International Printing and Paper International Cargo Services and Fair—DRUPA (01-493 3893)
Equipment Exhibition—INTER-Dusselsorf CARGO 85 (07072 75641) Boston

June 3-5

June 3-6

May 5-8

Business Efficiency, Office Antemation and Business Communication Exhibition—BEE/OFEX
(01-855 7777)

Hay 25-36

Manual Manual Manual Manual Manual Manual Mach 86 (US (313) 271 1500)

0000) Royal Garden Hotel, W8

May 13-15
Production, Organisation and (01-439 3964)
Technical Aspects of Shows & June 3-6
Mechanical Handling, Machine
Tool & Products Exhibition
(01-439 3964)
Paris
Mechanical Handling, Machine
Tool & Products Exhibition
Retail and Distributive Exhibition
Ret

BUSINESS AND MANAGEMENT CONFERENCES

April 29-30

Euromoney Publications: Staniland Hall Associates: Guide-lines for company plans and budgets—the UK economy to 238 3288)

Hotel Inter-Continental, WI Centre Point. WCI

April 39
Public Policy Consultants,
Advanced techniques of dealing
with Government (01-606 6090)
St Ermin's Hotel, SWI

The Insolvency Act 1985 International reinsurance forum (Panama 63-7555) Panama 63-7555) Panama 63-7555 May 26-30 International Advertising Asso-CBI: The (01-379 7400) Centre Point, WCI May 5-7 KIA Management Consultants: Gaining a competitive advantage —developing successful strategies in service industries (01-267

May 5
The Institute of Taxation:
The Institute of Taxation:
Finance Bill 1986 (01-235 8847)
Hillion Hotel, WI
May 13
May 13
May 13
Conference Manage
tomorrow's trade routes (01-621 1355)

Tele-Continental, WI

may 13
In and Bradstreet: Finance for private companies (01-377)
1432)
London

May 15-16 FT Conferences: Retailing (01-621 1355) Leadon

May 20 CBI: Contract bonds and guarantees (01-379 7400) Centre Point, WCI

Anyone wishing to attend only of the above events is advised to

The register's status is similar to that of the Hong Kong or the Baha-Centre Point. WCI May 22
The Institute of Directors: How

to work out the winning streak (01-839 1233) 116 Pall Mail, SWI ciation: World advertising con-gress (Chicago (312) 644 5997) Chicago an established alternative to Hong Kong after the Chinese takeover in

May 27-23

Banking Association of Ticino and City of Lugano: International banking symposium (01-Lugans)

FT Conferences: The 1986 Motor Industry Conference — vehicle distribution and marketing (01-821 1355) Geneva June 2-3
Avmark International's annual conference on European aviation. European liberalisation and its effect on aircraft demand and values (91-821 6788)
Tara Hotel, W8 accordingly. Everything has taken place with the approval of the Brit-

been a prime motivation and about 50 have resulted directly so far, half

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Manx offshore arranger

Despite its independence, the reg-ister is legally part of the British register. This means that British regulations apply in areas such as safety and inspection standards.

The Isle of Man is therefore try ing to attract British owners who want the lower costs of an offshore egistry but who think that the Bahamas or Hong Kong are too iar away. They also hope to see owners switch from other offshore registers and should be well placed to offer

"We are offering a respectable flag of convenience," Capt Davies says. "We worry about the connotations of being a convenience flag so we insist that ownership or management of the ships be actually on the island. There always has to be someone here I can go to and de-

mand that things be done if they The register came into force last July when the Isle of Man acceeded to the safety of life at sea convention. This was 12 years after the register was first mooted but it took that long for the island to develop its own maritime code and legislate

sh Governmen Providing jobs on the island has

Placing by

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28th April, 1986



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April 28, 1986 By Chibenk, N.A. (CSSI Dept.)

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Cummins 'sprints' to cut costs

Nick Garnett reports on the US engine maker's programme to hold margins while lowering its costs

ARCHITETTE THE STATE OF THE STA

TEAMS OF senior managers in one of the world's most ruth-lessly competitive industries spent valuable time last year in Jamestown, New York, con-structing aeroplanes out of paper and metal clips. Under strenuous supervision

similar toy aircraft were being modelled at Charleston. South Carolina, at the village of Shorts outside Glasgow, Scotland, and at a dozen other locations in the US and UK. Literally thousands of paper aircraft were fashioned and flown across a line drawn 15 ft away from where the managers sat.

The teams from Cummins, the US diesel engine maker, were competing with each other at the company's plants to see how many projectiles they could build. They had a lot of fun doing it. But the purpose was entirely serious.

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One of the lessons was to find different ways of looking at their business. The paper aeroplanes were a simple tool to bridge a very wide gap—the gulf that separates Western and Japanese approaches to produc-

tion.
Devised by Cummins itself, the exercise tested the managers' ability to organise the flow of supplies between the tables carrying the clips and those holding the paper; to allocate labour to do the wing folding; and to steer clear of penalties by holding down table stocks of the two materials. A commercial name for such a

game might be "workflow."
In the real world, the paper aeroplane exercise is part of an ambitious cost-cutting pro-gramme known throughout the company as the "Thirty Month Sprint.

For this "sprint" period, which is due to finish in December, Cummins' head-quarters in Columbus, Indiana, set a target of slashing the production costs of all its six families of engines by at least

30 per cent.

Just why this programme is under way is all too obvious from the introduction to the company's 1985 annual report, published last month. Henry Schacht, Cummins' chairman and chief executive, says that after last year's 75 per cent slump in earnings the company's performance over the

next 12 months depends as much on its ability to cut costs as expand sales.

In a viciously tough market Cummins has already been forced to drop the price of some of its engines by 40 per cent. "Our cost reduction efforts are critical to achieving target margins at these lower prices," Shacht says.
All round the world, diesel engine makers — including

revered Japanese majors - are slugging it out with each other under the burden of a manufacturing over-capacity of 50 per cent. Slashing costs has become part of a never-ending conveyor belt of change that places Cummins in the same position as all the world's big metal benders. Those that fail to meet the pace risk falling by the wayside.

Perkins, the Massey Ferguson subsidiary whose worldwide en-gine output is about three times that of Cummins, has raised the productivity of its site at Peterborough in England - the world's biggest diesel plant-by 30 per cent over four years. It has spent £50m on factory modernisation there since 1950 and already has plans to outlay

For Cummins, the squeeze is especially severe, since it has been traditionally locked into the high horsepower end of the business, which is at best static. Though it has been trying to break out of this corner with the help of a big research and development budget-which has steadily risen, to \$116m last year—there has been no escaping the merciless pressures on production costs.

The company estimates that worldwide plant productivity Mitchell, director for UK manusign has already risen by a third facturing. "The real issue is lower since 1982, a battery of to get a focus on something. As measures which include investment in automated production get up to 25 per cent and say into the something different.

WITH A worldwide manufac-

turing capacity of 9m diesels a year, but demand rising

only slowly from about 60

most engine makers have had

a rough time of it in recent

years. With its focus on the

high horsepower end of the

market—heavy US trucks accounted for more than half

of the 130,000 engines the company built last year— Cummins has taken the prob-

lems of truck over-capacity on

the chin, along with the cor-

porate disasters of the past six

years in construction and agricultural equipment.

Cummins' turnover last year was down to \$2.15bn, from

\$2.3bn in 1984 and its pre-tax

200 160 -Net Earnings 120 -80 78 84 85

Cummins has been making major production changes to combat stiff competition in a difficult market

machinery and a reduction in well I've nearly made it, then agers have been scouring the labour; its total labour force has fallen by a fifth to 19,500 since 1980. But the size of the "sprint" target, to be achieved by the end of 1986, shows that very much more was needed. Though signs are emerging

that some Cummins plants have been dropping away from the "sprint" schedule, the company is planning to push way beyond the 30 per cent figure over the next few years. "The 30 per cent itself is not the important thing," says Mike Mitchell, director for UK manu-

earnings slumped by three-quarters to \$61m. The heavy

truck business in the US took

another downturn towards the

end of last year and the com-pany is predicting that all its

traditional major markets will

be flat this year. Cummins has also suffered

from some of the industry's

structural changes. As an independent engine supplier

it tries to act as the engine division of the truck and con-

struction and agricultural equipment maker it supplies.

the UK, however, non-inte-grated truck builders have taken a beating from inte-grated makers manufacturing

In Europe, in particular in

lose your shirt."
To meet its new objectives, through hoops to acquire Jap-anese-style methods of materials handling and production and control of workflow, to indesign.

For the past 25 years it has had a licensing agreement with Komatsu, the Japanese construction equipment maker, whose diesel engine business it helped establish. Now the teacher has turned to the pupil for lessons—not in how to design engines, but on how to lower production costs. As part of the programmes that were eventually funnelled into "sprint," Cummins man-

their own engines, like Mercedes and Volvo, Scania, Iveco and Daf.

In the US three domestic truck makers, White, Freight-liner and Mack, have been

taken over by European inte-grated truck makers offering

or testing their own engines

Cummins' home base is

also under attack from the Japanese. Companies like Nissan, Toyota and Isuzu have been carving up the

With the slogan "cost, quality and delivery" Cummins has been fighting back. It introduced three new

in these trucks.

US market.

shopfloors of Komatsu and other Japanese producers since the early 1980s. Among many other things, they have learned to improve their understanding crease the efficiency of materials handling, and to use flexible manufacturing systems.

It was the Japanese example which produced the paper aero-planes as a study method. Hence too the classroom "card sys-tem," logging on paper the step by step process of ordering a component, from the first telephone call to an outside sup-plier, to the point at which it is installed on an engine. on one day and 12 the next."

is installed on an engine. One set of actions for one engines in as many years

The company is also making a bigger effort to sell its engines for military and construction applications and, like other engine builders, is trying to improve its market share in industrial uses like power generation.

during the late 1970s and

early 1980s.

Cummins has also been moving further into engine-related products and services by acquiring such companies as Holset, a turbecharger maker, and—in a deal announced last week—Self-Changing Gears, a subsidiary of the troubled BL offshoot Leyland Vehicles.

piece of material required 70 cards, when it could theoretic-ally be reduced to four. "So you've got to get down to that, whether it takes you two months, three months or 10 years," Mitchell says.

Cummins factory at Shorts, which produces 10 to 14 litre engines, reflects many of the changes sweeping through the company's plants. Rebuilt in the late 1970s and early 1980s, it has always demon-strated that Cummins is a conpany that thinks very hard about the way it does things. In line with company policy it was designed by an architect. The car parks were located so that all staff walk to their openplan offices through manufactur-ing areas. Windows have also been cut into the wall of the canteen where everyone eats so that they can see the shop floor

Yet despite the careful thought that went into the plant, its equipment and layout were already slipping out of date when it was redesigned. As one measure of the changes started under "sprint," Shotts inventory level of 50 days two years ago was reduced to 29 last year (equivalent to £11m of materials). It is expected to be lowered to 17 days this year, with an ultimate target of 10 days.

As part of this drive, the plant's central stores are being broken apart, with the intention of bringing components straight on to the line on the "ship to use" principle. And Cummins has become much stricter with its component suppliers, not only on quality but also on delivery times.

Apart from the benefits of FMS itself—such as a ninefold reduction in machine setting-up times—flexible manufacturing acts as a focus for inventory control and more efficient work

'What we have to have is a pulse," says Mitchell. "If you

This concept, long seen as turing, has been given added impetus by last year's fundamental redesign of the Shotts shopfloor organisation. which it was split into separate businesses: machine shop flow-line; the rest of the machine shop; assembly work; and final

test and fitting.
Reinforcing all the changes at
Shotts is a very much fuller flow of information. Middle managers and shop stewards sit together every month to be addressed by senior managers, not only about production but also about market trends and the activities of competitors.

"People used just to come in to do a day's work and then leave," says Mitchell. "Those days are finished."

Qualifications

National standards for UK proposed

FOR A nation whose workforce and management tend to be on the under-qualified side, Britain has a remarkable number of organisations setting standards and handing out certificates.

Some 250 professional bodies, 120 industry training organisations and 85 joint industry councils are involved in the task — ail in addition to the 12 main vocational examining and validating bodies like the 12 main vocational examining and validating bodies like the Business and Technician Edu-cation Council, the City and Guilds of London Institute, the Royal Society of Arts and Pitman's Examinations Insti-

tute. The number of organisations active in the field will almost certainly go down — and, it is to be hoped, the value of vocational qualifications will go up —as a result of a report now being considered by the Gov-

It is proposed that there should be a new National Vocational Qualification, with five levels covering all grades five levels covering all grades repair differed again by having of training and examinations a new modular approach to up to professional qualifications. Existing examining bodies and foint industry board bodies like BTEC and RSA operating a craft apprentice would continue to operate award scheme. Independently. But their independently. But their if, as is probable, the report courses would be validated by is accepted by the Government, a new National Council for it may well have consequences Vocational Qualifications, with beyond the introduction of a their certificates all carrying more coherent structure of the National Vocational Qualifications. One of

fication logo. The end product would be akin to the General Certificate of Education system, where a Examinations Council — which number of examining boards runs GCE, CSE and the forth-operate within a common coming GCSE—about possible framework and set of standards. links between the GCE system

the National Vocational Quali-

Members of the Manpower and the new National Voca-Services Commission working tional Qualification. Services Commission working party who produced the report studied vocational qualifications in Sweden, France, West Germany, the Netherlands, the US and Japan as part of their investigation, Within their different systems, these countries were all found to tend towards state regulation of standards — with industry MSC, will be to establish a actively involved in setting the structure of new industry from school through vocational

structure to vocational training most of the statutory training and qualifications. boards.'
The EEC is currently moving

sectors—hotel and catering, re-tail distribution and motor vehicle repair and maintenance. The three sectors differ con-siderably in their approaches to training. Hotel and catering has training. Hotel and catering has a statitory training board which works closely with the industry's management association and the City and Guilds of London Institute in a highly structured system. In retail distribution, by comparison, the working group found "limited take-up of courses offered by further education, no industry training board and no generally training board and no generally accepted structure of training throughout the industry." Motor repair differed again by having

vocational qualifications. One of the first tasks of the proposed national council would be to begin talks with the Secondary.

actively involved in setting the structure of new industry standards—and clear routes bodies to set standards of achievement for vocational education and training into qualifications.

This promises to give indus-In Britain by comparison—

although some examining bodies are highly regarded training and could provoke the internationally and market their qualifications overseas—
there is far less of a defined since the Government abolished since the Government abolished

Alan Pike

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emphasise that Britannia will not be seeking Public Limited Company status and that the main business of the Society will continue to be the raising of funds from savers and through the wholesale money market to meet the likely requirements of people wishing to borrow money with which to buy and improve their own homes.

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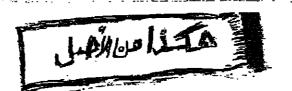


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1. 2. 1.2.

TRADIFIONAL life companies received on selling a particular assemble today for what is contract and the financial almost certain to be one of the penalty for cashing in early most eventful monthly meet. These amendments were only most eventful monthly meet-ings of the Life Insurance ings of the Life Insurance withdrawn on assurances from Council of the Association of Mr Michael Howard, Minister British Insurers for many years.

Since the previous monthly Affairs, that the matter would meeting, the problems of one of its members, United Kingdom Provident Institution, have week with a set of detailed prosent shockwaves through the possils on disclosure. These intraditional life assurance see cluded:

On top of this, the Market-ing of Investments Board-Organising Committee, which handles the marketing aspects of financial services, has issued its latest set of proposals, which are on disclosure requirements by companies to investors.

These proposals will require

life companies to provide a considerable amount of detail about their products. Yet, Mr. John Butterfill, Tory MP for Bourne-mouth West, an active cam-paigner on the Standing Com-mittee on the Financial Services Bill, considers that as far as with-profits contracts are con-cerned Miboc's proposals do not

The problems of UK Provident have brought home to life intermediaries that they cannot take for granted the security of a traditional mutual life company. Intermediaries are now seeking from life companies with whom they place business. When they cannot the control of the con

details of their financial thing—investment costs and mortality. The only identifiable charge is the commission paying, the LiC would have to tackle the question of member companies providing such information in a standard form that life intermediaries could readily understand. understand.

Apparently, the information given in company accounts and the Department of Trade and Industry returns are too complex for intermediaries to under-

However, life companies also face problems with the way the Financial Services Bill is

The theme of the bill is the fuller disclosure of information

Intermediaries are now seeking from life companies details of financial security

financial security

to prospective investors so that they can make informed judy ments over what they are buying and a valid comparison with other forms of investment. The argument is over how much to disclose.

Life companies have argued that providing a large amount of information will add to their a solution that would commend costs, which the consumer pays itself to Mr Butterfill.

for, without providing any material benefit.

MPs on the Standing Committee passed amendments that would have required life companies to make full disclosure an commissions charges and on commissions, charges and surrender and early-cash-in values. The apparent aim was values, the apparent aim was for investors to see how much of their premiums were in-vested, how much the salesman

payments, not only to reveal any bias between life companies

One approach would be to provide much more information in the DTI returns

but also to reveal commission Disclosure of charges on life contracts and unit trusts where these are identifiable;
 Disclosure of estimated surrender or cash-in values with a comparison with the amount of

premiums paid.
It is the disclosure of charges

with profit business.

However Mr Butterfill is quite definite on the subject. While he generally welcomes the Miboc proposals as a step in the direction of the proposed amendments, they fall short in respect of with profit contracts. As they stand they contracts. As they stand they would put, with profit business

would put with profit business at a competitive advantage with unit linked business.

He feels that at present investors offered with profit contracts are buying a "pig in a poke"—a view reinforced by the UK Provident problems. He feels these companies should provide at least a breakflown of past costs and investment performance, including a return performance, including a return on capital before and after infla-

Anyway the ball is in the court of Miboc and the life assurance industry—the LIC was not prepared to comment shead of today's meeting. How ever Mr Butterfill warps that if Miboc does not come up with acceptable proposals he will put down amendments at the Report Stage of the Financial Services Bill and if necessary seek support from the Lords

THE US courts' habit of making in the case of Chase Manhatian, comply, arguing that by failing cases when defendants insisted cases when such jurisdiction case, the interests of the US direct orders for the disclosure and in the UK by Mr Justice to follow the procedure preon the use of its procedure does not exist would render and of the foreign state have documents within the jurisdiction. Leggat in KAG v A bank (1983, scribed by the Hague Convention of foreign courts has diction of foreign courts has diction of foreign courts has the parties to the Convention of the US covernment convention.

In the case of Chase Manhatian, comply, arguing that by failing cases when defendants insisted cases when such jurisdiction case, the interests of the US covernments and of the foreign state have are also in the US courts only in the Convention meaningless. The US Covernment convention of foreign courts has a like the Hang Kong court violate German sovereignty. caused trouble recently. The US Supreme Court-after washing its hands of the issue on several earlier occasions — agreed at last to say what, if any, the limits are, to such extraterritorial orders detying the Hague Evidence Convention.

The court decided on April 21 to review the decision of the

to leview the decision of the Federal Court of Appeals for the Fifth Circuit, which held in Messerschastt Bolkow Blokm, GMbH v Walker that when they have personal furis-diction over the defendant, US courts need not use the pro-cedure provided by the Convention and can compel pre-trial discovery of documents held

discovery of nocuments nead abroad directly, without going through foreign courts.

This issue has created much unpleasantness and has even led to diplomatic conflicts, particularly in cases where banking secrets were involved. Not only US courts but US revenue authorities as well use

revenue authorities as well use a similar short cut. Instead of sending a letter of request to the courts of the country where the documents are, they try to compel a New York office to obtain it for them.

Such attempts to obtain documents which a bank is barred from disclosing by the law of the country in which it operates have been repeatedly rejected by foreign courts, most recently by

Unlike the Hong Kong court, the English court did not reject documents absolutely, because it infringes the UK sovereignty, but on the balance of convenience. It reasoned that the US District Court which ordered the discovery was unlikely to go ahead with contempt pro-ceedings against the bank if that bank were prohibited from complying with the order by an English court

Result

Such conditional rejection of the extraterritorial discovery order shifts the onus back to order shifts the onus back to the US, suggesting that it could have its way if it decided to penalise the bank. For this reason, the result of the Supreme Court's review of the decision in Messerschmitt may be of even greater importance for the UK than for Germany, which is directly involved. Messerschmitt's products in-Messerschmitt's products in-clude helicopters. One of these clude helicopters. One of these crashed in .Texas, The beneficiaries of the three accident
victims sued Messerschmitt and
its US distributor, MBB Helicopter Corporation.

Messerschmitt's counsel was
directly served with \$2 requests
for production of evidence,
much of which promised made.

much of which required produc-tion of documents in Germany. Messerschmitt refused

violate German sovereignty.

This argument was rejected the US order for discovery of by the District Court in Dallas, whose decision was confirmed by the Federal Court of Appeals for the Fifth Circuit.

> designed to avoid conflict between countries with differing rules on evidence in civil litigation. The difference is particularly great between common is managed by attorneys, and civil law countries, where judges decide what evidence may or should be produced. There is also a substantial difference between the US and difference between the US and most other countries in that the US courts are willing to compel pre-trial discovery of documents which are only vagnety defined, held by third parties and of uncertain relevance to the dispute. Often such documents are requested by US plaintiffs in order to find some cause of action still undefined at the time of the request.

> at the time of the request. Most other countries, including the UK and Germany, are ing the UK and Germany, are strongly opposed to such "fishing expeditions." For this reason, the Hague Convention provides that requests for documentary evidence from abroad should be addressed to the court within whose jurisdiction above.

tion they lie.
Though the US ratified the Convention in 1972, the first

number of such cases has rapidly increased. About 1,500 such cases are pending and at

decided. The decisions of the courts The Hague Convention was

are not uniform, though most seem to insist that there is no obligation to use only the pro-cedure provided by the Convention and that the US court can compel the defendant over whom it has personal jurisdiction—as in the case of Messerschmitt, which has a US subsidiary-to bring the documents to the US and make them available to the other party. The courts argue that as the documents are brought first to the US, their order does not re-present any interference with

Violation

These arguments were repeated in the Appeal Court decision in the Messerschmitt case. Messerschmitt's request case. Messerschmitt's request for judicial review is supported by the German Government, which argues that the vast majority of requests for the production of documents located in Germany is made to parties project to an American

the judicial sovereignty another state.

least 27 have already been Germany also considers it a

violation of its sovereignty when a foreign court uses the threat of sanctions to force a person under the jurisdiction of German courts to remove docu-ments from Germany to the US for the purpose of pre-trial discovery. The German Government's

arguments are opposed in an amiscus curine brief presented by the Department of Justice and the Department of State for the US Government. They present that the history of the constant that the history of the convention reveals no intention of prohibiting the accepted practice of conducting extra-territorial discovery according to US Federal and State rules. American courts may exercise jurisdiction over a foreign party

if its US contacts are sufficient to make it reasonable and just, and though they may use the procedure prescribed by the convention, they may also make direct orders. The US courts are virtually unanimous, states the brief, that the convention is not exclusive.

that international comity obliges US courts to give located in Germany is made to "respectful consideration to parties subject to an American claims of foreign judicial court's in personam jurisdiction. Limiting its application to can be no fixed rules; in each

the parties to the Convention, cludes that as the convention says the German Government.

The Federal Republic of refuse pre-trial discovery of documents, it cannot be accepted as the exclusive means of obtaining evidence abroad; if it were, foreign authorities could become final arbiters of discovery disputes in American proceedings so displacing the authority of US courts to employ traditional devices provided by Federal and State Court rules.

Decision

The conflicting views could not be stated more sharply. The resolution of this important conflict is now in the hands of the Supreme Court. Its decision will also indicate what impor-tance one should attach to the Administration's recent legislation proposals aimed at reduc-ing jurisdictional conflicts of the Laker type.

If the Supreme Court confirms the lower court's attitude, the proposed legislation, if he brief, that the convention passed by Congress, will have ittle beneficial effect.

The US Government admits No 85-99 (petition for certiorari granted on application by Wilmer, Cutler & Pickering, attornies for Messerschmitt Bolkow Blohm GMbH).

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EARLIER this mouth the Welsh Development Agency invited a Select audience of bankers, brokers and investment brokers and investment managers to the birth of the Cardiff Consortium a new venture fund aimed primarily at providing money for Welsh companies and developing the Welsh capital into a serious financial restre

A A SACT TO THE PARTY OF A

financial rentre.

Formed by the agency itself and five City of London venture and five City of London venture capital funds, the consortium is just the latest example of the WDA's more commercial approach to economic develop-

ment.
"It's a one-stop shop for entrepreneurs in need of equity finance," claims Mr David Waterstone, the WDA's chief executive "It is the first readymade syndicate in the venture capital industry."

This involvement with the

has become the touchstone for many of the WDA's activities and is mirrored north of the border by its counterpart in Glasgow, the Scottish Development Agency.

Both are just 10 years old.

both were children of the Labour Party's thinking in the 1970s and both under private leadership have had to come to terms with Mrs Thatcher's economic philosophy in the

We are here to create prosperity," says Mr Watersone, not jobs. If jobs come, so much the better. But healthy and permanent jobs only come from healthy and permanent companies and we are seeking to create the conditions in which healthy and permanent

chariman, emphasises the point. We now realise that you cannot solve the problems of the economy by throwing money at

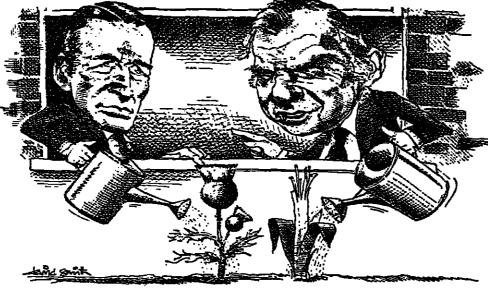
In Scotland, Mr Robin Duthie, the SDA chairman observes: "We should not be seen as the prime mover in business. Our role is that of pump primer, not major investor. We are a

Such comments reflect the change of thinking since the heady days of 1976, when a more direct form of intervention was very much the political

Mr Willie Ross, then Secretary for Scotland, said the SDA had to "involve itself directly in industry." It was expected to "regenerate" the economy. The work facing both agencies on inception was daunting. Wales and Scotland were still dominated by heavy industries: steel, coal, railways and the docks, with Scotland additionally dependent on ship-

social deprivation were higher on average than aywhere in the UK outside Northern Ireland.

bas aasmolovment and



Tending their gardens: Robin Duthie of the SDA (left) and John Williams of the WDA.

Development agencies

Pump-priming is now the name of the game

By Anthony Moreton

urban dereliction, to take equity shares in companies and to attract footloose international

This approach disappeared with the arrival of the Conservative Government in 1979. The town hall politicians and union leaders who called the shots were replaced by men from

Not all the original aims disbuilding and the SDA continues the work started in Glasgow's thing. depressed East End by under- ambitions and try to do what taking urban renewal projects in Leith, Dundee and Inver-

ever, far more important now. Mr Edward Cunningham, the one of the few senior executives to have been with either agency from the beginning, says the SDA set out to create a new image for Scotland. But he confirms that the original aims are far less relevant now.

longer an end in itself. When

companies can operate."

Mr John Williams, the WDA's environment through clearing look for sensible solutions to Scotland's problems.
"We came to realise quickly

that our primary function was economic, not social. It was to rebuild the economy, not just provide jobs. We now believe the aim should be to make the economy dynamic and vital, to help the creation of wealth in

Echoing the words of Mr Waterstone in Cardiff he says appeared. The WDA still that "Scotland has to be eco-undertakes a considerable nomically successful if the amount of advance factory social problems are to be cured. "But we cannot do every-We have to limit our

> we have chosen to do very well." Unlike the WDA, Mr Cunningham believes the SDA's role as an investment bank has become less important. The agency has pinpointed areas, as offshore technology. health care, food processing and advanced engineering on which to concentrate its resources. It believes the emphasis is on inthan those of the past.

In Wales, according to Mr "Factory building is no Williams, the primary air, is inger an end in itself. When now "to change the birth rate

ward investment now and our firms to emerge."

The Cardiff Consortium is only one, if a major, way of doing this. The agency also has a programme of taking business appreciation to the schools and colleges.

The Welsh, unlike the Scots, business, have fewer entrepreneurs, and prefer to send their sons and daughters in pursuit of socially acceptable professions, especially teaching.

"All this has to end," says ir Williams. "If it is to end we have to capture the imagi-nation of young people early on and get them to see that business can be interesting and rewarding."

agency in the UK, the Northern Ireland Industrial Development Board, which is sometimes overlooked. The problems of Ulster—not just the political ones—have dictated a different approach so the board is not strictly comparable with the

The board's role remains to alleviate unemployment and it The agencies were therefore we began, the business comtollar to describe their advance factory building programmes to create jobs, to improve the state of the business comton of businesses. Unemployment and it is very real, but we have to the problem, the De Lorean car company being the most famous to create jobs, to improve the real problems and we had to the problems are company being the most famous the problems. It is a direct arm of

government, acutely conscious of the highly active and publicity conscious Industrial Development Authority (IDA) South of the border, with which it inevitably competes for internationally mobile inward investment. investment.
The Northern Ireland govern

result is that senior posts rotate quickly—it has six directors and there have been at least as many changes in a relatively short period—and the decision making process tends to be cumbersome.

Both the SDA and the WDA have burned their fingers over some investments. Seven-figure sums have had to be written off in Scotland with Gomba Stone-field, the company intended to build four-wheel vehicles, and in Wales with P. Leiner, a leading gelatine manufacturer, Parrott, manufacturer of floppy discs, and most recently, Berlei, the lingerie concern.

After the Leiner fiasco, the WDA instituted new investment

techniques
The new approach by the SDA and the WDA, by contrast, could be a role model for any English agency which might emerge in the future. The Conservative party is now seriously considering including a promise in its next election manifesto to set up agencies for the North East, the North West and Devon and Cornwall, possibly even for the

Mr Norman Tebbit, party chairman, is said to be keen on the idea, although as Secretary for Trade and Industry, and so responsible for regional policy, he displayed no interest at all in the creation of English agencies and precious little in regional policy.

Mr Tebbit, however, would no doubt approve of the sentiment of Mr Duthie, who says that "the SDA, like God, helps those who help themselves."

Ten years ago there was comwhether the agencies could do what they were asked to under-take. "That was understand-able," says Mr Cunningham, "since we had been asked to do the wrong things. Now we are doing the right things and the credibility gap has been

"The challenge now is to get both Scotland and Wales moving fast enough to catch up economically with the rest of

The gap between the two countries and England has, in fact, narrowed—but for the wrong reasons. As the Welsh and Scottish economies have strengthened, parts of England have slipped back, to the point where even the West Midlands can be portrayed as a depressed

Perhaps the time is ripe for it too, to have a little of Mr Duthie's divine intervention. workable procedure for prac-titioners to follow," says Roger

Insolvency in Britain

How directors may be caught by the Act

By Alice Rawsthorn

THE CONFEDERATION of Smith, a partner in account amended to try to take account. would " penalise manifestly honest entrepreneurial industry," while to give us the administrative the National Consumer Council support we need." the National Consumer Council warned that it would "catch no-

body at the right time and everybody when it was too late." After nine years of drafting redrafting and a parliamentary career which embraced no fewer than 1200 amendments

the Insolvency Act came into force last October. The two most contentious provisions of the Act, on the disqualification and personal liability of the directors of insolvent companies, come into

effect today. The Government embarked upon the Leviathan process of overhauling the law on insolvency with the apparently innocuous objective of penalising unfit directors and of preventing companies from continuing to trade when insolvency was inevitable.

Unfortunately, hitting upon a formula for punishing unfit and incompetent directors, without penalising the innocent, proved much more difficult than the Government had

anticipated. None the less, for all the lobbying and counter-lobbying during its revision, the pro-visions for disqualifying unfit directors have met with general

approval. Under the new legislation, when a company becomes in-solvent the "office holder" generally the voluntary liqui-dator or administrative receiver-must scrutinise the conduct of its directors in the three years before insolvency.

Should the directors' conduct report will be submitted to the Department of Trade and Industry. The case will then be referred to court, which will decide whether a disqualifica-tion order should be taken out. "After all the fuss the Act has produced a sensible and

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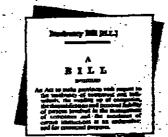
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British Industry suspected it ants, Peat Marwick Mitchell. "A great deal of responsiand competent direc- bility is placed on the office tors," the British Venture Capi- bolder, but by setting up its tal Association claimed it disqualification unit the DTI would "stifle the growth of has shown that it is prepared

devised to ensure that directors take prompt action to minimise losses to creditors once the failure of the company seems



unavoidable. Under section 15, directors may be held to be personally liable if the court believes that they knew, or ought to have known, prior to the winding-up of the company, that there was no reasonable prospect of averting insolvency.

The problem here is one of interpretation. "How will the court decide when the directors should have known that the company would have to go into liquidation?" asks Bill Roberts. a partner in Ernst and Whinney.

"There is a tendency Parliament to assume that at some moment in time—a: 3.20 on Tuesday afternoon - the In practice, things just aren't as clear-cut."

There is also concern that directors of the company who, by virtue of their function, cannot be expected to have access to detailed financial information or to exert influence over the company's finances, will be penalised unfairly.

the inexperienced directors of relatively small companies who have previously had no need for sophisticated financial skills -but the wording of the amendment is thought to be

open to misinterpretation, The Bill was also amended to make provision for non-execu-The provisions on the personal liability of the directors tive directors who may be shie to identify problems but, to identify problems but, through no fault of their own, however, turned out to be much more contentious.

The provisions on the personal tive directors who may be shie to identify problems but, through no fault of their own, are unable to rectify them.

The provisions on the personal tive directors who may be shie tive directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems but, the personal tipe directors who may be shie to identify problems.

doubts about this amendment. The position of banks and of "company doctors"—new man-agement teams which are drafted in at the last minute in cope with the problems caused by the old regime—is also

"When the Act was drafted there was no intention of penalising those who act housely and properly in the best in terests of their company and its creditors," says Roger Smith.

"For these directors the best defence is efficiency. They will have to keep better records of the company's affairs, to take a more objective view of its pro-pects and to have a finer approciation of what continuing to trade will imply."

There is however, a danger that directors will be so concerned about the risk of in-curring personal liability under the new legislation that they will be inhibited in their attempts to salvage the com

"Directors don't know enough about the new legislation. and are likely to be over-cau-tious in their approach to it." says Stephen Adamson, a senior partner in Arthur Young. "When a company runs into

the directors will panic and take a premature decision to put it into liquidation, when it might have scraped through." Eventually all these areas of

anmbigutiy will be clarifled by case law which will indicate bow the courts intend to interpret and thus implement the Insolvency Act.

"But building up case law is a very, very lengthy process," says Adamson. "In the mean-time we all face months, even

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All bids must be accompanied by a bid bond or bank guarantee equivalent to 5% of the bid value either in Naira if a local bid or in a freely convarible currency if a lorsign bid. Time and place for submission of bids: Blds will be received only until 10,00 a.m. (Local time) on July 30, 1986 at the following address: The Programme Manager
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PMB 2245
SARDA Headquarters
Abdullahi Fodio Road
Sokoto, Nigena

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The Board of Directors of the Trust Mastschappi, Curscao 1 8.V. (formerly N.V.) at Amsterdam will convene an extraordinary meeting of their holders of certificates in the Industrieele Groote Club, Dam 27, Amsterdam, on May 14th, 1985 at 3.30 p.m. To be entitled to attend this menting, holders of certificates are required to deposit their warrants of certificates by May 7th, 1986, with Bank Mees en Hope NV., Amalendam,

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For the six months, April 15, 1986 to October 14, 1986, the rate of interest has been fixed at 6 15/16 % P.A. The interest due on October

nr 3 will be \$ US 352,66 and has been computed on the actual number of days elapsed (183) divided by 360. THE PRINCIPAL

15, 1986 against coupon

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CORPORATION N.V.
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We inform the bondholders that the redemption instalment of ECU 3.750.000 -, nominal due on June 1, 1986 has been satisfied by a drawing on April 4, 1986, in Luxembourg, in the presence of an Huissier.

The bonds will be reimbursed at par on June 1, 1986, compon due on June 1, 1987 and following attached, according to the modalities of payment on the bonds.

> The numbers of such drawn bonds are as follows: 24.190 to 27.939

The following bonds previously called for redemption have not yet been presented for payment: 9878 - - 9880 $10045 \div 10049$ 10053 - 10065 10179 - 10187 10195 - 10204 10190 10226 - 10230 10241 - 10244 10282 - 10294 10333 - 10353 10357 - 10365 10367 - 10371 10373 - 10394 10421 - 10430 10456 - 10458 10463 - 10470 10476 - 10497 10504 - 10529 10540 - 10549 10563 10634 - 10635 10644 - 10646 10680 - 10684 10695 - 10704 10721 - 10722 10737 - 10758 10764 - 10772 10777 - 10809 10832.- 10854 10880 - 10885 10902 - 10916 11023 - 11032 11040 - 11043 11046 - 11053 11086 - 11087 11111 - 11116. 11141 - 11163 11179 - 11180 11183 - 11185 11197 - 11216 11239 - 11244 11266 - 11288 11294 - 11316 11321 - 11324 11331 - 11333 11454 - 11469 11472 - 11478 11539 - 11540 11609 - 11611 11613 11660 - 11661 11678 - 11680 -11708 - 11710 11712 - 11723 11728 - 11743 11750 11754 - 11762

11986 - 11990

12118 - 12122

12181 - 12183

12340 - 12341

13046 - 13047

13156 - 13160 13166 - 13168 Amount outstanding after June 1, 1986: ECU 22,500,000,-

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Magical treatment enhances a visionary vehicle

The first thing to be said about the English National Opera revival of Dector Foust is that for music-lovers it is unmissable, and even for opera-lovers. Though Busoni is famous chiefly for being an Interesting Figure (great planist, high-minded theorist, composer). Doctor Faust—intended as his magnum opes, but left unfinished like Schoenberg's Moses und Aron-is a deeply interesting piece, and the ENO has done it proud.

The second thing to say is that this is not only a recival, but an extended re-creation by Antony Beaumont, who has been delving in the Busoni Nachlass; and the third is that though Busoni's "advanced" intensions resulted in some-thing which is barely an opera at all, the producer David Pountney has manhandled it with such devoted ingenunity that it looks like one. In fact it makes enough of an

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opera that sober voices will be heard condemning Pountney for having gone over the top, externalised outrageously, externalised outrageously, loaded the opera with showy effects etc.—just as if the piece could stand dramatically on its own feet. That, I am sure, it can't: between a bold re-invention like Pountney's and a invention like Pountney's and a plain concert performance (Gounod's version is very stage(which would allow devotees to able and ineffably stupid). Busoni's is just as impractice Percy Grainger. Busoni attached imagine as vaguely as Busoni did how it might go on stage), there is no middle ground. As he worked interminably at Doctor Faustus, Busoni played with the idea of a puppetstaging (much in vogue: think of the postwar Falla, Milhaud. Stravinsky), but that would have been an aesthetic in his four-hour work should apology for a would-be opera come.) that is at once epically earnest and theatrically bald, arbitrary

A idea of what it would be like to have unlimited intellectual power at one's command

The sideboard in the disused

directors' dining room at the mill in Saltaire, near Shipley

in west Yorkshire, is heavily

each surmounted by a super-cilious llama. Titus Salt in the

1840s had the innovative idea of using imported alpaca (the

wool of the liama) to produce a lustrous cloth of unparalleled

an industrial empire which moved in the early 1850s from

scattered premises in Bradford

Saltaire. Here Salt's philan-thropic and architectural ideas

were joined to expediency, since his workforce was to be

well housed, healthy and, it was hoped, moral, There was

no alcohol since Salt believed

"drink and lust are at the bottom of it all."

always, inevitably, been the mill. Designed by the engineer William Fairbairn, and the architects Lockwood and Maw-

son, it was opened in September

sandstone, it is relieved by

rusticated detail at ground level and Italian-style belvedere

towers to give distinction at

Dated: April 17, 1986

A great clift of golden

The focus of the village has

From that single idea sprang



Graham Clark (left) as Mephisto and Thomas Allen who sings the role of Faust

Architecture/Gillian Darley

Seizing the moment to preserve Salt's legacy

Busoni's is just as impracticable, imagined in terms of stage-pictures for an audience which has piously studied the programme notes, and will discuss the meaning of this and that during the intervals. (Typically, Busoni never de-cided just where the intervals

Elevated ideas teem, but Busoni's puppet-action is merely heraldic. In a small-house production his simple terms could

a sacred importance to carrying the torch of new music—but neither of them was sure how it should sound. In Busoni's case, we get loosely tonal, ruminative music that embraces Parsiful at one end (touchingly combined with Tristan in the prelude to the Finale) and an idiom like young Hindemith's at the other. If one of it is decisively original, it is patently personal and heartfeit-especially with Faust's disillusioned twilight, so ripe and uneventful be observed, leaving a sympation to the control of the control of

animates the original Marlowe message; for a large house a for itself.

Faustus, as well as Goethe's, and the unstageably brilliant Berlioz (Damnation de Faust with some theatrical point.

The speak for itself.

By then on Friday, Thomas and apt, although—or because Allen's Faust was tiring (the interest remains and apt, although—or because and apt, although and although and although and apt, although a demands), but he preserved the run a gamut from mocking patrician tone and the mature magic-tricks to real stageacuteness that stamped his whole role. It is marvellous out spoiling the best effects, work, and so is Graham Clark's which owe as much to the techas his Mephisto, first revealed nological triumphs of Stefanos as a viper-twin in Faust's bosom Lazaridis' designs as to Pountney's guiding plan-indeed, those are probably indistin-guishable. What we have is a and then running through a string of suggestive guises. Again and again, where Busoni produced only music that answered in a general sort of way to his conception of a scene (often he adapted quite separate earlier pieces for use in Doctor Faust). Pountney devises a sensational focus for

Most of Pountney's inventions

densely musical score, abstractly linked with Busoni's lofty dramatic intentions, and anchored brilliantly by the Pountney-Lazaridis visualisa-Mark Elder conducts (Beaumont takes over from May 15)

with alert sympathy. Where

sexy version of the Helen of Troy vision, which Pountney makes a plausible part of Faust's basic obsession). John Connell lends a velvety bass to Fausi's renegade student Wagner as well as to smaller roles, and Henry Newman—again with a multiple assignment—offers a stark, butter sketch of Gretchen's vengeful henther (The Gretchen enjoyde brother. (The Gretchen episode itself is over before Busoni's version begins.)
All in all, the Pountney re-

drafting of Busoni's ambitious, imprecise vision strikes me as an honestly exciting vehicle for the visionary music. The note of concern for the fate of the world is never betrayed; if it is translated into speciacular visual tricks, those still seem the best way of pinning it

Anything more literally faithful would be more boring too, which would do no justice to Busoni's metaphysically impas-sioned score. That doesn't deserve to be relegated to rare concert-performance status; I think Pountney's shamelessly flashy treatment is more or less inspired, a dazzling rescue for an all-but-hopeless notion. His alienation-devices sharpen the effect of a fine, impractical operatic idea: the foundering of European art-music, perhaps,

more than twice the size of the Saltaire mill) from just another depressing spectre of economic

tenacity and vision that one

might suspect Sir Titus himself shared, talks eloquently of a

society which must learn to release, not repress, its energies.

Breaking the self-perpetuating

The memory of Sir Titus Salt,

man who excited the admira-

tion of the world by his indus-trial empire at Saltaire, would

be ill-served if the will was lost as the result of procrasti-

nation and bitterness. The inter-dependence between com-

merce, industry and tourism is

The mill at Saltaire offers

opportunity, a resource in its sound structure and potential

flexibility, and the additional advantage of location in stun-

ning countryside, in the catch-

a fine and necessary balance.

cycle of decline is the object.

David Murray

Watching/Bush

Michael Coveney

This somewhat strained and whimsical Scouse two-hander is part of the Granada Television-spect of the Granada Television-spect Liverpool Playhouse season (for latest news of which, but he marks all the major turns in this hyper-intelligent score. Towards the end, where Busoni — or his posthumous helpers — goes over to pure lessentially symphonic music seed of the future is our only hope), he ensures that the essentially symphonic music tells.

On Busoni's eccentric plan, Faust's sole erotic interest is the Duchess of Parma — Edical that he is not the Hannan enacts her beautifully, with a richly seductive account of her one scena (and a "30s-sexy version of the Helen of Troy vision, which Pountner is our of the second set bluff and doubte works into the plot as part of the second set bluff and doubte works into the plot as part of the second set bluff and doubte bluff between the couple Malbonse of which, colin was born in Slought and obtions the plot as part of the second set bluff and doubte bluff between the couple Malbonse of window dresser and sharing obtiously explains his utter sturning absorbed window dresser and starting a motorbike repair business in Birkenhead with prospects of expansion in Chester are as doomed as his father, who died shortly after securing a job with the Department of Health and Social Security.

The couple is discovered on attention the plot as part of the second set bluff and doubte be called that he is not the plot as part of the second set bluff between the couple had obtined to solve the bluff between the couple had obtined to make the bluff between the couple had obtined to make the bluff between the couple was born in Slought built between the couple had obtined to self-and the bluff between the couple had obtined to make the bluff between the couple had obtined to make the bluff between the couple had obtined to make the bluff between the couple had obtined to make the bluff between the couple had obtined to make the bluff between the couple was born in Slought built between This somewhat strained and Pools whom Mr Hitchmough

real sand, though, we have a floor of artificial turf and the twee mobile decoration of half a dozen seagulls. While Malcolm (Adam Kotz) trains his binoculars on the terms and tits, pushy Brenda (Cheryl Maiker), dressed like a punk tangerine dream with black horizontal that's a compliment

Russell and Bleasdale, they wither shortly after taking flight. Big tits in the copse." flicht. make Brenda sound like an Evertonian supporter; a man

If the Theatre of Comedy were to dish up this play it stipes, makes impatient small would be rightly howled off the talk before trapping her man in stage. The veneer of Bush talk before trapping her man in the camouflaged tent erection. Liverpool Playhouse respectations frunny as those in an indifferent Ray Cooney comedy. And Tony Mulholland's production, that's a compliment. old-fashioned surface. Brenda is unemployed, her actors are charmeng, Cheryl unseen sister Pamela an un-Marker a particularly impressive trustworthy gossip at Vernon's and ebulinent newcomer.

Shamrocks & Crocodiles/

Liverpool Playhouse

Martin Hoyle

on the influence of place and osphere on one's reactions to theatre. Cities no less than wheedle themselves into one's narrative. The children explore affections. To the blase their father's briefcase before Londoner: lately Liverpool has one of his trips to Dublin to be a councillors, self insurance, and find it which buildings can individual meant recalcitrant councillors, football violence and a tiresome harping on the faded glories of the sixties. A glance at that resilient skyline, bristling defiantly with spires, from the rounda of the Playhouse bar on a cautiously fine spring evening, and the scepticism and rebellion and conscience-clogging claims of Irishness. Catholicism and Merseyside fall logically into

The Playhouse Studio rounds off a successful season of young writing. presented with Granada Television. Uurselres Alone, already seen at the Royal Court, is due to return to London and tour Ireland. Another young woman writer. Heidi Thomas, is almost too fluent. Given that the British theatre is essentially literary, this is a good fault; but Miss Thomas' construction is somerambling and her often conscious striving for Fine Writing recalls her namesake, Dylan (plus the odd, quirky incongruity of an Orton). Despite these faults, the 23-year-old playwright's work is funny, nouching and real.

Some weeks ago, Michael transpires he was driven to Coveney mused in these pages suicide by debt when his prosuicide by debt when his pro-tection racket failed. Billy Mealt's set is dominated by a caudle-lit altar.

Flashbacks cut through the sell "insurance" and find it full of contraceptives which they take for religious objects bought from the Pope. The Unale reclusive Brendan ("very intellectual and hygienie"), who is writing a dictionary in his attic, is turned to when their goldfish Dorek gets cancer (in an episode that could be a self-contained short story). Their Anglican mother is despised ("anyone would think she was a blood relation"); and Dominic attomises over whether to join Uncle Frank in the unsavoury family business.

Chunks of painful and per-

ceptive reality may not always knit together, but a real play-wright is at work. The company is lead by Steve McGann (a brother is currently in Lennon: another opens shortly in Liverpool's Seagull). Boney, intense and impassioned, his Mandie Smith, more muted as his sister. Paul Bradley Virginia Cole and Colum Galli-van complete the cast. The piece breathes the air of a specific region, speaks with its own rhythmus, which, in our metropolitan-centred must never be ironed out Christine and Dominic recall Those spires must go on their father, just dead. It standing.

Three summer recitals

respectively. Elizabeth Söderström will

sky and Rachmaninov accom- Ludmila Ivanova. The first half panied by Boris Bloch. It will be Thomas Allen's devoted to Tcharkovsky.

Elizabeth Söderström. Thomas first recital at the Royal Opera Allen and Paata Burchuladze House, and he will give a prowill each give an In Recital gramme of Schumann and evening at Covent Garden on Brahms, accompanied by June 19. June 29 and July 6 Goeffrey Parsonse

It isalso the young Georgian bass Paata Burchuladze's first give a programme of songs by Covent Garden recital, accom-Schubert, Liszt, Grieg, Tchaikov-panied by the Soviet pianist of the programme will be

America). makes the impact on the community itself no less devastating. These confident, but empty. industrial palaces, are potent symbols of economic decline.

NOTICE OF REDEMPTION

Carter Hawley Hale Overseas Finance N.V.

94% Guaranteed Notes due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1979 among Carter Hawley Hale Overseas Finance N.V. (the "Company"). Carter Hawley Hale Credit Corp., as Guarantee, and Morgan Guaranty Trust Company of New York as Trustee,

Hale Credit Corp., as Guarantor, and Morgan Guaranty Trust Company of New York as Trustee, under which the Company issued its Guaranteed Notes due 1980 (the "Notes"), and pursuant to the terms of the Notes, the Company has elected to and shall redeem on May 19, 1986 (the "Redemption Date") all of the outstanding Notes at a redemption price of 18076 of the principal amount thereof plus accrued interest thereon to the Redemption Date (the "Redemption Price"). The Notes shall become due and payable on the Redemption Date at the Redemption Price which shall be paid upon presentation and surrender of the Notes together with all coupons thereto appertaining maturing after the Redemption Date at either (a) the Corporate Trust Office of Morgan Guaranty Trust Company of New York New York, New York, 10015, or 16) at the main Offices of Morgan Guaranty Trust Company of New York in London and Brussels, the main office of Amsterdam-Botterdam Bank AA, in Amsterdam, the main office of the Deutsche Bank Aktiengesell-chaft in Frankfurt Main, the main offices of Series Bank Corporation in Basel and Zurich, the main office of Societe General in Paris and the main office of Banque Generale du Loxembourg S A, in I (wembourg, The coupons for interest due on or before July 1, 1985 should be detached and be collected in the usual manner.

The Notes will no longer be outstanding after the Redemption Date and interest on the Notes

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will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

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CARTER HAWLEY HALE OVERSEAS FINANCE N.V.

Following the mill's closure in February, the village of Saltaire now focuses its gaze upon a shell—the kind of sears familiar across the north-west —for the fate of the disintegrat. Museums Service, provided for for that matter, throughout ing New Mill alongside, closed heartening and numerous many of the older industrial a few years ago, is ample examples of comparable centres of Europe and North demonstration of the process of schemes, both in Britain and

That familiarity dereliction in the hands of jointly by Save Britain's Heritage and the Bradford City

overseas. From Richmond in West Virginia to Huddersfield vandals and the elements. West Virginia to Huddersfield
A project of rehabilitation on and Halifax in west Yorkshire, such a scale needs exceptional similarly daunting buildings have found new uses, economic optimism and energy. But the viability, and have proved to be resources, not headaches. crucial matter—in persuading private investors to step in alongside public funding that of precedent. A recent seminar at the mill, organised

Saltaire Mill - opened in 1853, now a shell

Illingworth Morris, under-standably treading on eggshells with respect to local feeling over unemployment, was able to make an important positive contribution at the seminar, announcing that the mill was Hall, a businessman who has, on offer at a peppercorn rent. In three years, turned the The office buildings on the site, disused Crossley carpet factory

form part of a package -although at a more economic rent—as compensation for the befty security charges now downturn into the Dean Clough being incurred. That offer Industrial Park — home for marked a considerable step forward in negotiations, and a 900 jobs and, surely, proof of fillip for anyone considering a an abundant pool of activity to fillip for anyone considering a mixed-use package, which would seem to be the obvious which be tapped. would seem to be the obvious outcome.

Possibilities mentioned include the transfer of the Brodford Industrial Museum from its present crowded and rather

The idea of a Business and Innovation Centre (an EEC concept) is being developed in collaboration with the local authority and Bradford University. Hall, who has the kind of

more immediately viable, might in Halifax (at 1.25m square feet,

lls present crowded and rather inaccessible home (with one strong advantage in that installation costs would not be high), the adaptation of the mill to light industrial and office use, as well as possible residential use.

Bradford Metropolitan Council, which has been neutral, attended the seminar in considerable strength, and representation by local councillors was, encouragingly, all-party. There is bitterness over the employment issue, and the difficulty is to persuade those who fought for jobs to bury the hatchet and support a project that might begin to provide different sources of employment.

Crucially, speakers with experience of turning such buildings round formed an optimistic backbone to the region. It all takes vision, nerve occasion — above all, Ernest and funding but all three are out there, as other schemes far businessman who has.

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts ap-

PARIS

Arts Guide

net (1233 4444).
Orchestre de Paris conducted by Kent
Nagano: Messiaen's Turangalila
Symphony (Mon). Salle Pleyel
(4581 0630).
Orchestre National de France, conducted by Rudolf Barshai, Alexis
Weissenberg. plano: Besthowen

Music

Weissenberg, plano: Beethoven, Brahms (Mon). Théâtre des Champs

Elysées (4723 4777). nsemble Orchéstral de Paris conducted by Peter Maag, Nicanor Zabaleta, harp: Mozart, Händel, Debussy (Tue). Salle Pleyel (4561 0630).

U.S \$100,000,000 ALLIED IRISH BANKS PLC

incorporated with insted liability in the spublic of freignd under the Companie Acrs, 1963 to 19831 Subordinated Primary Capital Perpetual Floating Plate Notes n accordance with the provisions of in accordance with the provisions of the Notes, notice is hereby given, that for the three months interest period from April 26, 1986 to July 28, 1986 the Notes wil carry an interest rate of 7-1-5-5 per annum. The interest paymable on the relevant interest paymable on the relevant interest paymable on the below 28, 1986 against Coupon No. 4 will be U.S.\$188 84 and U.S.\$4,621 09 respectively for Notes in denominations of U.S.\$10,000 and U.S.\$20,000. The sum of U.S.\$184.84 will be payable per US \$184.84 will be payable per US \$10.000 principle amount of Registered Notes.

ITALY

pears each Friday.

Gwynneth Jones, soprano, Geoffrey Parsons, piano (Mon). TMP-Chate-let (4233 4444).

Rome: Testro Olimpico: (Piazza Gen-tile da Fabriano): An octet from the Berlin Philarmonic. Beethoven and Schubert (Wed). (393 304).

NETHERLANDS

Botterdam, De Doelen. Organ concert by Arie Keijzer, with the Nether-lands Saxophone Quartet. Caba-nilles, Buxtehude, Glazunov, Keij-zer (Wed). Concert performance of Gluck's Orpheus and Eurydice by the Toonkunst Choir, with the Radio Philharmonic Orghestra under Voew Philharmonic Orchestra under Yoav Talmi, and soloists Jard van Nes, Nellie van de Sijde and Saskia Ger-ritsen (Thur). (14 29 11).

Amsterdam, Concertgebouw. Recital Hall: violin recital by Vera Beths, accompanied by Stanley Hoogland (Tue). [71 83 45]. Nijmegen, Vereeniging. Robert Jan Roozeman, piano. Haydn, Schu-mann, Chopin, Schubert, Liszt (Mon). [22 11 00).

SPAIN Barcelona, Maria Xifilidou: Beethoven, Chopin, Falla and Kalomiris. Centre Cultural de la Caixa, Passeig de Sant Joan 108. (Tue). (301 11 04). VIENNA

Manitas de Piata, guitar. Konzerthaus (Mon). Wedam, Telemann, Vivaldi, Musikverein Brahms Saal Bach_

April 25-May 1 **NEW YORK**

Bargemusic (Fulton Ferry Landing): Chamber music concert with Ik-Hwan Bae violin, David Oei piano. Mozart, Beethoven, Paganini, Tchai-kovsky (Thur). Brooklyn (624 4061).

WASHINGTON .

National Symphony (Concert Hall): Jean-Pierre Rampal conducting/ flautist Salleri, Mozart (Tue). Ken-nedy Center (254 3776). CHICAGO

Chicago Piano Quartet (Orchestra Hall): Jennie Wagner violin. Schu-Dvořák, Franck (Wed).

TOKYO Tokyo Philharmonic Orchestra, conducted by Wolfgang Bothe; Haydn, Mozart. Tokyo Bunka Kaikan (Mon). (256 9696).
Keika Ando (piano): Mozart. Bakma, Ongakunotomo Hall, near Kagurazaka subway station. (Mon). (353 2242).

LONDON

London Symphony Orchestra conduct-ed by Lineas Foss with Jack Brymer, clarinet, John Ogdon, piano, and Ransom Wilson, flute. Bernstein, Gershwin, Copland and Stravinsky. Barbican Hall (Tue): (638 8891). ondos Philharmonic Orchestra con-ducted by Christoph Eschenbach with Justis Frantz, piano. Dvorák. Royal Festival Hall (Tue).

Saleroom/Antony Thorncroft

Wine in the racing ring

dollar in recent months has had a depressing effect on certain sectors of the auction market, especially on fine wines, where prices have dropped by more than 20 per cent on a year ago. So Christie's is probably so Christie's is probably this actual breakthrough was a device called the steam condenser, and the painting shows market. It will coincide with the running of the 1,000 Guineas and there could be some expansive bidders for the rare clarets and the old brandies on offer.

Both Christie's and Tatter-salls were founded in 1786 if an excuse was needed for a wine auction in the famous Sale auction in the famous Sale Ring. It will take place at 11 in the morning, and there will be "everyday," wines as well as such curiosities as an 1820 Solera sherry.

Sotheby's and Christie's are holding auctions in Scotland this week. Prices for Scotlish artists have rise derivatively.

artists have rise dramatically in recent years, none more so than Stanley Cursiter. In 1978 Sotheby's sold au oil by him for £165. Last year a tomposi-tion of 1903 made £13,750, a record price; but tomorrow Sotheby's is offering at Hope-toun House, "Infermezzo," Cursiter's Royal Scottish Academy exhibit of 1913 which

The falling value of the in the RSA in 1855 by its follar in recent months has had president, Robert Scott Lauder.

denser, and the painting shows him working on the Newcomen Engine which was the basis for the condenser, the machine which heralded the Industrial Revolution.

In scientific terms it is a short hop from Watt and Edinburgh

In scientific terms it is a short hop from Watt and Edinburgh to Sotheby's safe at Chester on Wednesday of four of the six miniature 15 in gauge steam locomotives which were a feature of the Rhyl Miniature Railway. This was forced to close last summer and Sotheby's is selling off the locomotives at Stanley outside Chester. They date from around 1920.

English watercolours con-

English watercolours con-tinue to be one of the most buoyant sectors of the art mar-ket and tomorrow Christle's has

المكذا من الأعمل

ket and tomorrow Christie's has a decorative scene of a boating party, probably on the Thames, by a follower of Tissot. Hector Caffieri, it carries a top estimate of £10,000.

In the same sale is a water-colour of Osborne House by it owner. Queen Victoria This sketch of 1850 is expected to realise around £1,500. A pretty English rural scene by Helen Allingham has a £4,000-£6,000

Academy exhibit of 1913 which carries a top estimate of realise around £1,500. A pretty English rural scene by Helen Christie's is performing in Allingham has a £4,000 £6,000 forecast, while "pheasants in a paintings in the Edinburgh wood" by Archibald Thorburn Assembly Rooms, Its star could fetch £15,000, showing the attraction is a portrait of the pretual appeal of game paintinventor James Watt exhibited ings.

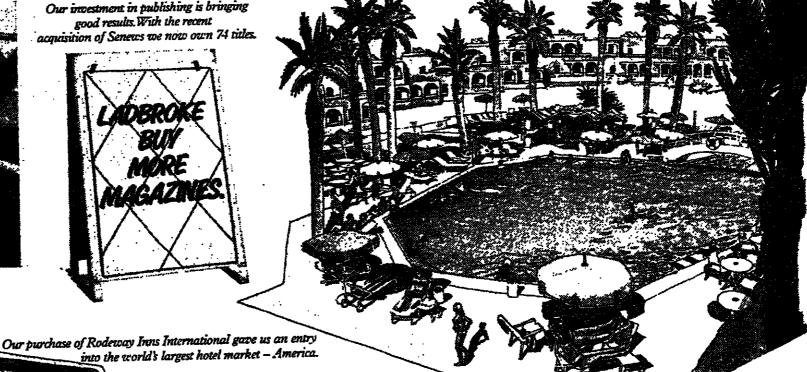
Ladbroke. The Far From Leisurely Leisure Group.



Some of the most breathtaking modern architecture is seen in the new shopping centres. Ladbroke are leading the way with this 100,000 sq.ft. development covered by a giant glass atrium.

Our investment in publishing is bringing good results. With the recent

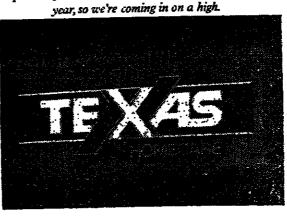




Thanks to new legislation, the sport of kings can now be matched in more palatial surroundings. As world leaders in off-track betting, Ladbroke welcome

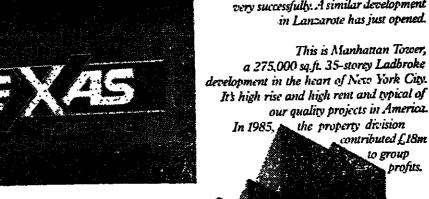


At Texas Homecare, turnover for the first quarter of 1986 was 30% up on the same period last year, so we're coming in on a high.



overseas for growth in our holiday business. Our 1,000 bed villa development in Eilat, Israel, is already operating very successfully. A similar development in Lanzarote has just opened.

This is Manhattan Tower,



With the acquisition of Home Charm last week, Ladbroke made sure that 1986 is going to be even more exciting than 1985. Last year we made record profits of £75 million - 50% up on 1984.

Our three core businesses all performed well.

Hotels, property and racing achieved a combined increase in pre-tax profit of 42% while the entertainments division boosted its profit contribution by 35%.

Last year was certainly a high point in Ladbroke's history and the future has never looked more exciting.

Trading under the Texas Homecare brand name, Home Charm is one of the top two DIY chains in Britain.

It owns 136 superstores and during 1986 we plan to open 21 new ones.

Ladbroke Hotels are now one of the top two hotel chains in Britain and growing

We've recently opened new hotels at Swansea, Livingston and Basingstoke and we're currently building at Manchester Airport and Portsmouth.

In London we're relaunching the Curzon in Mayfair and the Sherlock Holmes in Baker Street (where else?).

Because our hotel business caters primarily for the businessman who has to travel we're less dependent on tourism than many hotel groups.

By next winter we'll have invested 15 million bringing the 22 hotels we bought from the Comfort Group up to Ladbroke standards. (And need we say it, Ladbroke profitability.)

Our racing division had an outstanding year in 1985 and with over 1,500 shops in

the U.K. we increased our share of the offtrack betting market to over 21%.

In Belgium we own over 800 betting shops and last year we bought a race course in Michigan.

(When legislation allows off-track betting, we'll be ready for the off.)

In Holland, we've recently been granted an initial, 20 year exclusive licence to carry out betting, on and off-track.

But the most pleasing development happened here in Britain earlier this year.

For the first time, betting shops were allowed to show live TV and satellite coverage of sporting events and to provide new facilities for their customers.

We have already invested in the most modern communication and computer technology to give our clients a service that's second to none.

Our U.S.A. properties are establishing a substantial rental stream and valuable

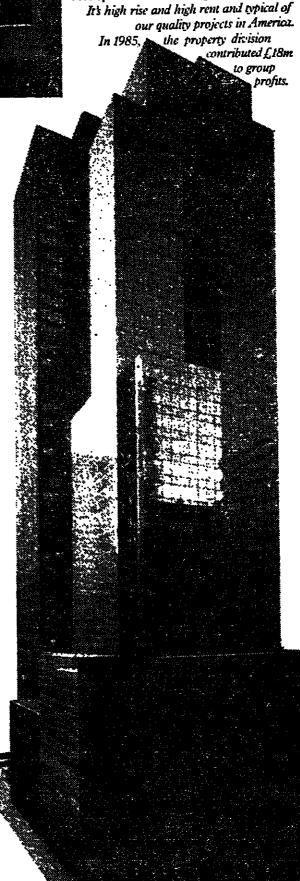
Here in Britain, we're concentrating on the retail sector with major new schemes in Maidstone, Birmingham, and Bristol and out of town developments in Crayford, Hendon and Cwmbran.

With leisure-time spending projected to increase by 8.5% in 1986, the entertainments division is also expecting to do well; publishing is expanding, holiday bookings are ahead of 1985 levels and Laskys is again expected to improve its performance.

As you can see from this brief look at. our activities, the future looks far from leisurely.

And that's exactly the way we like it.

One of a series of advertisements from Ladbroke Group PLC.





What's smarter? Owning hatels where people want to stay

FINANCIAL TIMES

Telegrams, Finantimo, London PS4, Telex, 5954871 Telephone, 01-249 8000

Monday April 28 1986

Warm words, cold figures

relling to Tokyo this week for the economic summit will find it unusually relaxing this year to take as their reading matter for the journey the International Monetary Fund's World Economic Outlook, which is published today. The IMF may be notoriously unpopular in the denotoriously unpopular in the denotoriou Bonn, finance ministers will find nothing to upset or worry them in the IMF's comments on world economic policies and prospects this year.
Indeed, despite the habitual

disclaimers about the "considerable uncertainties" in the international environment this year, the summit leaders could easily infer from the IMF's comments that the world economy is healthier than it has been for years—and that little if any-thing, is needed by way of new policies from the major indus-trialized countries. trialised countries.

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To the extent that the IMF does call for concrete policy adjustments, it concentrates on the Third World. Here it urges further reductions in govern-ment deficits and exchange rates, particularly in the energy exporting countries, but to a lesser extent among oil im-

Guarded advice

When it comes to the industrialised countries the IMF's advice is far more guarded. It tells governments little they have not already said a hundred times themselves. It takes pains to welcome in principle the calls by Mr James Baker, the US Treasury Secretary, for greater co-ordination of macroeconomic and exchange rate policies. But the practical steps hich it suggests are so hedged about with qualifications that the Fund could readily be seen by Japan and Germany as an ally in their resistance to Mr Baker's demands for faster

3; per cent in 1986 and this, the Fund points out is above the rate of growth of the country's "productive potential." Thus, "productive potential." Thus, only if the US budget is cut, if German growth slows and if economic policyt signs of excess demand remain on their laurels.

Spreading euphoria

ally if they penetrate into the tables of detailed forecasts they will see that the Fund's apparent complacency is riddled with paradoxes such as these.

Indeed, the figures offer little support for the spreading euphoria about an economic golden age. The politicians at the summit may pounce on the Fund's statement that recent developments in the oil and states of Texas. Louisiana and foreign exchange markets have Oklahoma, which produce over created "prospects for sustain- three-quarters of the country's developments in the oil and created "prospects for sustainable, non-inflationary growth throughout the world economy." But the IMF's prediction for 3 per cent growth in the indus-trialised countries in 1986 is actually no better than the 1970s when Oklahoma City was forecast it published for 1986 a place where fortunes were exactly a year ago. All that has being made and lost overnight. happened is that a boost from lower oil prices has compen-sated for the deflationary drag

For the developing countries, the prospects now appear a good deal worse than they did a year ago-and this is true not only for the oil exporters, where GNP is now expected to contract by 0.6 per cent in 1986, instead of expanding by 3.8 per cent, as predicted last year. The oil importing Third World countries are now expected to grow marginally In the case of Germany, this more slowly—the weakening of caution is particularly marked, world trade and the total stand-Germany is expected to grow by still in new bank lending has more than offset the benefits of cheaper oil and lower interest

> These are not the kind of prospects to allow the world's economic policymakers to rest

THE US OIL PATCH

Not such a beautiful morning

By William Hall in New York

COT 'VE GOT eight pairs of world oil prices do not recover cowboy boots and I soon.

Oil and gas have dominated have never drunk champagne out of any of them." jokes George Nigh, Oklahoma's governor, as his twin-engined Piper Beachcraft heads south towards Seminole, which was once one of the state's biggest oil boom towns.

The Governor is on yet another morale-boosting mission in a state which has been among the hardest hit by the dramatic drop in the price of oil. He has few answers for worried businessmen who come to listen to him in Seminole's "Gusher" hotel.

across the state, oil production is falling as an increasing number of Oklahoma's 80,000 high-cost "stripper" wells. Which dribble out less than 10 bears. if the summit leaders ever read beyond the Panglossian introduction to the World Economic Outlook—and especially if they penetrate into the

damaged by the collapse in Today, less than 60,000 are world oil prices which comes on employed in the oil fields, the top of a serious recession in local agriculture, the state's second biggest industry. Its problems are symptomatic of the agonising re-alignment that is now going on in both the Government and private sector throughout the US "Oil Patch" natural gas and half of its

"We face a traumatic finan-cial crisis." says Governor Nigh, who came to power in the latebeing made and lost overnight, and Bill Patterson, a local banker, entertained out-of-town clients by guzzling beer out of his boot at "Cowboys," a local sated for the deflationary drag which became evident. his boot at "Cowboys." a local bar. Mr Patterson's employer, oklahoma City's Penn Square Bank, closed its doors on July the financial world and eventually forced the US Govern-ment to come to the rescue of Continental Illinois, the eighth biggest US bank, which had close ties with Penn Square.

As a result of Mr Patterson and others, Oklahoma City finds its hard to live down its frontier town image. It is still remembered as the city that popped up out of the prairie between noon and sunset on April 22 1889.

Oklahoma sits in the middle of the US "oil patch." Oil and gas provide close to a quarter of state revenues and two-thirds of Oklahoma's oil is produced from high-cost "stripper" wells

as those of neighbouring Louisiana, where unemploy-ment is the highest in the

Oil and gas have dominated the Oklahoma economy for the last 80 years. The state capital in Oklahoma City is surrounded by working oil rigs, and some of America's biggest oil fortunes were made locally, J. Paul Getty drilled his first oil well near Tulsa, Frank Phillips, a barber from Nebraska, founded the company which bears his name in nearby Bartlesville, and Dean McGee, a brilliant geologist. McGee, a brilliant geologist, and Oklahoma senator Robert Kerr, founded Kerr-McGee in Oklahoma City less than 50 years ago. Oklahoma prospered when oil

cost "stripper" wells. which dribble out less than 10 barrels a day, are shut down. State tax revenues are evaporating, public employees are being laid off and bankruptcies are rising rapidly.

Oklahoma has been hadly damaged by the collapse in world oil prices which comes on employed in the oil fields, the number of rigs exploring for oil has dropped below 150, and unemployment has climbed to 7.8 per cent. It would be considerably higher but people are leaving Oklahoma. It was the only state in the Union to suffer a drop in its population last year, says Governor Nigh, who

> bowl" years of the 1930s. The signs of the slump in Oklahoma's oil industry are evident everywhere. Phillips Petroleum, whose operations stretch from offshore California to the North Sea, has just announced that it is laying off 1,000 workers in its home town of Bartles-ville, some 45 miles north of Tulsa. This follows 450 lay-offs at the neighbouring TRW Reda plant which makes submersible pumps for the world oil indus-try. For a town of 38,000 people, such levels of job cuts are trau-

notes that the last time this happened was in the dust

At Duncan where Erle P. Halliburton founded his oil well cementing business a little over 50 years ago, a group of foreign investors has just bought a 48,500 barrels-a-day oil refinery for \$2m. The same refinery was

sold six years ago for \$140m,
Some 150 miles away on the
outskirts of the small town of
Stroud, half-way between
Tulsa and Oklahoma City, John Cassidy's bulldozers work every day, expanding the size of the world's biggest graveyard for oil field equipment. Trucks who account for the bulk of arrive around the clock hauling Oklahoma's 465,000 barrels-a-day oil tackle dumped on the output, as being in "a state of market by banks which have shock and dismay."

neighbouring scours the auctions for bargains Louisiana, where unemploy—which he buys for 10 to 15 cents the figure would rise to more ment is the highest in the nation, it is more dependent on the energy business than Texas, its larger neighbour to the apiece. The 61-year-old Mr south, and has more to lose if Cassidy has over 200 mud a barrel, the domestic industry

The reality of Oklahoma today . . . rising unemployment, abandoned oil wells, failed banks and spending cuts

pumps for sale and has doubled his inventory of deep oil and gas drilling rigs over the last year. The Petroleum Equipment Suppliers Association estimates that Mr Cassidy has a bigger stock of almost all major rig components than the top eight field manufacturers combined.

Even though Mr Cassidy is betting that the oil market will turn around eventually and he will be able to sell the equip-ment at a profit, he is already cutting some of the older machinery into scrap, but refuses to sell it because prices are so low. Mr Jack Graves,

president of the Oklahoma Independent Petroleum Associa-tion, describes his members.

from high-cost "stripper" wells compared with the 14 per cent national average.

While the state's financial problems are not yet as acute with the state's financial care graveyard while his boss costs of production are just too high. At prices of \$10 or below,

starts dismantling and the economic safety net underlying the state is suddenly full of holes," says Mr Graves. He believes that many Oklahomans have not yet realised what has hit them.

This should begin to change

as the 100,000 or more royalty owners begin receiving much slimmer cheques from their interests in local oil wells within the next few weeks. George Tallchief, the chief of the Osage tribe which used to collect almost \$100m a year in royalties through its ownership of Oklahoma's most prolific oil field, says his tribe is already making adjustments. may have to trade down from a Lincoln Towncar to a Volks-wagen and may not be able to renew their membership of the country club."

Oklahoma's banks have already been hit by the harsh realities of lower oil prices. Last year a record 13 banks failed in Oklahoma and First Oklahoma Bank Corporation, parent of the near 100-year-old First National Bank of Oklahoma City, is at the top of the authorities' list of problem banks. It has lost close to \$180m over the past three years, and its capital ratios have dropped below the regulatory

The bank is being kept affoat The bank is being kept affoat by heavy borrowings from the Federal Reserve Bank of Kansas City and the regulators have installed a new management team under Mr Jim Cairns, a former president of the American Bankers Association. But it is touch and go whether the hank which for whether the bank, which for many years was the biggest in the state, will survive in its

present form.

Most of the other leading local banks have been reporting losses and omitted their dividends in the face of mounting problems among their customers in the agriculture and energy industries. They are fielding on and hoping that the US Government will step in and avert the collapse of the local oil and gas industry.
The Banks of Mid-America,

the state's largest bank holding group, summed up the views of many local bankers in its latest Administration are slim. quarterly earnings statement.
"We believe that both Congress and the Administration will ultimately recognise that our national security will not permit the US to become our region vigorously."

Oklahoma's bankers. '? common with local politiciat', dare not think what would bappen to the local economy foil prices were to stay down at emrent levels, "When oil fal's from \$20 a barrel to \$18 a barrel, I can say what it does no mome tax revenues and sales and grouperly tax revenues." income tax revenues and sales and property tax revenues." comments Mr Odie Mance, chairman of the Oklahoma Tax Commission. "But when it falls from \$28 to \$12, then I am going to really start guessing what the ripple effects are going to be. I have no historical experience."

experience."

Cats of close to a fifth in state spending have already been made on the assumption that oil prices will average \$18 a barrel over the next 12 months. Some 4,000 local school-teachers have already received layoff notices. If the price of oil does not recover soon from its current level of under \$12 a barrel, more cuts in essential state services for the elderly and handicapped will be elderly and handicapped will be

"We are on the fringe of a crisis and we do not want to go over the line," says Governor Nigh, who like the rest of Oklahoma's 3.3m residents is trying to come to terms with an economic phenomenon which is outside his control.

Will Oklahoma's problems, like these of the other "oil patch" states, spill over into the political process at the national level? It is too soon to tell. Okishoma's banks are in serious trouble and Vice-President Bush has already indicated that if the price of oil stabilised at less than \$12 a barrel, substantial financial institutions in the US would be hurt and the Government would become involved, whether it wanted to or not.

Then there is the problem of maintaining the fabric of local services. State governments maintaining the fabric of local services, "State governments have not really addressed the issue of what it takes to run local government in this period of lower oil prices." says Glenn-Cox, president of Phillips Petroleum. "They find it extremely difficult to make adjustments." Meanwhile. Governor Nigh, a

Meanwhile, Governor Nigh, a lifelong Democrat, in common with his colleagues in other energy-producing states, is turn-ing to Congress for help in ing to Congress for help in much the same way as other states sought help for their ailing steel and automobile industries. He has joined forces with Oklahoma's Republican Senator Don Nickles to press for an oil import fee to protect the local high cost "stripper" wells from cheap foreign imports. But he believes that his chances of convincing the Administration are slim.

"All these people are for topald Reagan and they cannot understand that he has abandoned them. They like him personally. They may disagree permit the US to become with his energy policies but hostage to foreign oil. And when they do, the economy of the information from him. They our region should rebound are not mad at him. It is

A hydra-headed farm policy

WHAT GROWS bigger every time the attempt is made to before the farm ministers by check its increase? The cost of the Commission. At least they the Common Agricultural Policy did not turn it down out of of the European Community, of hand and agreed to revert to the the 12 farm ministers brought the same depressing

They emerged proudly from their ordeal having agreed on something close to a price freeze. Concessions to farmers will cost the relatively small amount of Ecu S0m (about f51m) this year.

None the less, the farm ministers will have to report to today's meeting of finance ministers that the farm policy will this year cost Ecu 1.5bn more than expected. In the current jargon the reasons are exogenous, meaning that they are beyond the farm ministers' control. The chief of these reasons is that the decline of the US dollar has increased the cost of subsidising exports of farm products so as to make them saleable on the dollar-denominated world market.

An increase of Ecu 1.5bn

breaks the guidelines for breaks the gubernes for budget discipline agreed with-in the Community, and the finance nunisters would be well within their rights if they told their colleagues to try a bit harder. But political realism suggests that, however desirable, further cuts may not be possible for this year. Not that the farm ministers have been timid. By imposing a levy on cereals brought to market, which in effect will cut the intervention or minimum price by 3 per cent, they have braved the wrath of the

Boldest proposal

The ministers also screwed up their courage to reduce milk production quotas by 3 per cent over a three-year period. In doing so they cut across the national interests of several member states, especially that of Ireland

Perhaps the boldest proposal they considered was to cease intervening to support the price of beef. Doing so would have amounted to dismantling, at least temporarily, a key least temporarily, a key element of the farm policy. There are other products whose prices are not supported by intervention, but they are less important than beef. This proposal was placed

Taken together, the measures on the pricing and intervention side suggest that the logic of budgetary penury has forced the farm ministers - usually the most determined champions of the special interests of their industry-to face unpalatable facts. But their education still leas a long way to go if the hydra of the CAP is not to go on growing ever more ugly

Income support The "exogenous" reasons for

additional farm spending may be beyond the farm ministers' immediate control and, indeed, that of the Community. But that is no reason to shrug them off as inevitable. The cost of subsidising farm exports is no more than a delayed cost of a misplaced pricing policy. The guaranteed minimum prices have encouraged what — set against market requirements within the Community and without — amounted to gross overproduction. As long as the incentive to overproduction persists, these or similar costs (for instance that of turning cereals into industrial alcohol) are bound to result.

It is probably inevitable that a limitation of farm spending at Community level will encourage expansion of national spending on farmers, at least in the countries that can afford it. In principle, national subsidy is as dubious a method of economic management as Community subsidy. Where resorted to it should, at least, have as neutral an influence moon output as is possible. That means income support paid for from taxation, not direct subsidy paid for mainly by the consumer.

The net result of the Brussels marathon has been positive. The lesson has begun to sink in that the farm policy must be brought under control lest it run riot completely. But the progress has also been small. The measures agreed on will have to be followed up not only with more of the same, but with a thorough reform of the

Team change

for BL

BL is preparing for the arrival this week of its new chairman, Graham Day, who is thought to be Mrs Thatcher's personal choice to stiffen sinews in the r s tors group.

The BL management would be well advised to prepare another office for Peter Thompson, aged 39, who has been Day's personal assistant at British Shipbuilders for the past three years.

Thompson, an assistant secretary at the Department of Trade and Industry, who has been on secondment to work for Day, has just resigned from the Civil Service. I expect him to accompany Day into BL.

With 18 years Civil Service experience Thompson is wily in Whitehall ways. He worked in the private offices of both Tony Benn and Eric Varley when they were ministers. His experience in the shipbuilding division of the DTI led to his secondment to British Ship-Recently he has been seen

vith those former Civil Service colleagues who are in the thick of the BL melee, He will have learned that BL will be an even



dispute is still on, let yourself in —then throw away the key."

Men and Matters

tougher challenge on the government-industry front than shipbuilding.

Day goes to BL with no basic objectives so far agreed with government, First he wants to spend time going through the group's books and the corporate plan, and deciding what he thinks is possible in the light of the past traumatic months

Then his priority will be to secure government agreement for his ideas.

Thompson's knowledge of the inner workings of No 1 Victoria Street, the DTI hq, is said to have been invaluable in putting relations between government and the shipbuilding industry on to a better footing, and paving the way for privatisation of the warship yards. Will the Day/Thompson com-bination work as well for BL?

Wet bobs

David Challen and Derek Netherton of the merchant bank J. Hendry Schroder Wagg are the two men charged with

the two men charged with changing the staid image of the water industry.

Schroder Wagg has been chosen, against stiff competition, to advise the government on the proposed privatisation of the water authorities in England

Challen, the project director, aged 42, is an Anglo-Irishman who first came into the public eye when in his 20s as a mem-ber of the Trinity College, Dublin, team on TV's University Challenge programme. More recently he has advised Hambros Trust on its division of the Hambros family assets. Netherton, a Cambridge man, is an old privatisation hand, having advised on the sale of Jaguar cars, the British Shipbuilding warships division, and (with Challen), Cable and Wireless. He also did work for the government on the financial aspects of a Channel fixed link.

Challen claims that the water flotation — which could raise £5bn for the Chancellor of the Exchequer — will create a new investment sector in Britain. The 10 authorities, he says, will be monopolies in their areas but will have to compete for investors and capital in an active market.

Distant drum How do you mislay something that weighs 300 tonnes and is 100 feet long.

Ask Northern Engineering Industries. The company's oversight gave its rival Babcock Power a few chuckles recently. It all happened in India. NEI, which is building a power station there, mislaid a steam drum supplied by Babcock. The tractor hauling the drum broke down in the country far from down in the country far from human habitation. It was shunted off the road, and then vanished from official notice, Babcock denied all responsibility ("It was shipped fob," said a company man) but show said a company man) but cheer-fully offered NEI to tender for

Fighting spirit

a replacement.

Turks who raise a glass of Scotch can now enjoy a virtuous feeling that they are contributing to their country's national defence.

A recent official requirement by the authorities is that every bottle of Scotch whisky sold must carry a label indicating that its price includes a donation of 100 Turkish lira (about 10p) to the Turkish "defence industries promotion fund."

Not unnaturally the Scotch Whisky Association feels it is no part of its job to help collect for other people's funds. Neither is it over-keen to have its products linked with the its products linked with the arms industry.
So the SWA has protested

about the imposition to the European Commission in Brus-

However, a British official in Istanbul was inclined to dismiss the issue as "a storm in a whisky glass." He pointed out to the FT man on the spot that sales of Scotch had been banned in Turkey until 1984, and were now growing rapidly in spite of the "donation." It has become a common practice in Turkey for sur-charges to be imposed on food and drink imports in addition

to normal customs duties. The to cormal customs duties. The extra funds are used to support a number of pet projects of the government, including housing and defence.

What may look reasonable from Ankara's point of view seems less so when seen from Brussels. The Community is taking a serious view of the surcharges arguing that they are a violation of Turkey's obligations under the 1964 association agreement between that

ciation agreement between that country and the EEC.

Japanglish

The Tokyo economic summit should soon provide the Japanese with another opportunity to demonstrate what wonderful things they can do to the English language, Until then, here is a taste of what can be expected from a package of processed cheese on tale in

Tokyo: "Cheesen de Gourmet. Wellmatched with luxury. The recipe for Cheesen here is deliberately chosen by the Ginza Edoichi's luxury; that will friendly put a spell over gour-mets in tea and drinking time with his daring craft well matched with its savor of ingredients as special and exclusive."

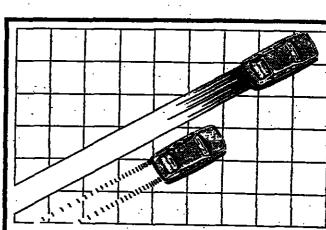
With competition like that, is it any wonder that Stilton does not get a look in?

Just visiting

A friend recently in Peking bought a map of Hong Kong which bears the legend: "Tem-porarily occuried by the United Kingdom:"

Is somebody trying to tell us something?

Observer



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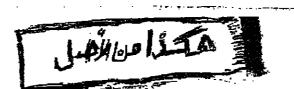
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THERE is a saying that the two best days in a boat owner's life are the day he takes de-livery of the vessel and the day he gets rid of it. The same seems to becoming true for a growing number of people who have bought their own homes under the Government's right-to-buy legislation.

Rapidly increasing numbers of people tempted by the scheme are falling into serious mortgage payment arrears and many are ending up on the

Coupled with confusion about the Government's plans for rent reform and serious undercuse of both public and private housing stock, the council house problem illustrates above all the fact that the Government has no mechanism for coordinating the various strands of its thinking on housing; it has no housing policy. The last official analysis of housing need was the 1977 Housing Policy Review and since then the only strategy has been a dramatic cut in public sector housing.

There are signs of increasing ministerial anxiety at this gap and some fear that housing, like education, could became a major electoral liability. An indicator that the Govern-ment realised all was not well

came when Mr John Patten was appointed to replace Mr Ian Gow Although Mr Gow resigned over a non-housing issue—the Anglo-Irish agreement—his tenure of the housing ministry was marked by a strongly pro-market stance. Mr Patten is Mrs Thatcher's first housing minister to admit both that a wide-ranging policy is needed for housing and that the public sector must play a key role.

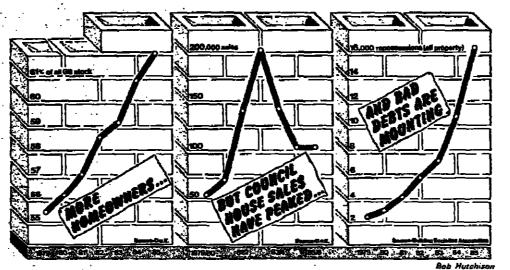
In a little-noted speech recently Mr Patten placed this near-heresy on the record:

"Owner occupation is not best for everyone all the time. For ome it is not even possible. It is their needs we must now address. Some 35 per cent of council tenants are pensioners and two-thirds of tenants need help even to pay their sub- local authority loans in March sidised council rent. So we 1985, a 40 per cent rise in two are now entering a new stage years. All of these problems of housing policy—we are much worse in the metro-

of housing policy—we are changing gear." One reason for this change is the fact that the sales policy is running out of steam. Council house sales peaked in 1982-83, and the tail-off is expected to continue despite measures to make the sale of flats easier. The great homes sale was a key feature of the first Thatcher Government, but is not central to the second either default and, ultimately, repos-in practical or political terms, session—in the same way as it since the Labour Party has is also a cause of rent arrears; reversed its opposition to sales, these have trebled in England The central goal in housing in the past five years to reach policy is always to find afford- 2215m, as more councils, able homes for everyone; the pressed by the Government, difficulty is that adding to the charge economic rents.

The incidence of low incomes ready own their homes may not in home ownership is maderally in this results.

Robin Pauley argues that sales of council houses no longer amount to an adequate housing policy



Housing: a £6bn solution

as waiting for a council house, plus a further 600,000 waiting for transfers.

One immediate problem is the fact that so many owners cannot afford the mortgage only by combining several inantenance costs of their homes. A large number of those taking advantage of the right-to-buy legislation use local authority rather than building society mortgages because, under the scheme, local authorities have no discretion to refuse loans provided minimum incharges on the monegary often loans provided minimum income criteria are met.

A survey of 60 of the 69 metropolitan local authorities, in which most of Britain's public sector housing and housing problems are concentrated, show most are concentrated. shows mortgage arrears rising rapidly. They total £14.5m and rose by 36 per cent in the two years from 1983 to 1985.

repayment or more accounted for 4 per cent of all the relevant

politan areas outside London than in the capital. Unemployment, short-time working, mari-tal breakdown and general financial over-commitment, are the main causes of arrears. All of this raises basic questions about the wisdom of en-couraging such widespread home ownership. Low income is a principal cause of mortgage

deliver this result. There are lined by the number of people

now 1m people officially listed who receive supplementary as waiting for a council house, benefit mortgage interest addi-

charges on the property, often high-interest loans for home improvements or new fittings such as kitchen and bathroom. These are easy to obtain because the discount in the right-to-buy price of up to 60 per cent for long-standing tenants gives them an instant and substantial equity in the building. But loan ears from 1983 to 1985. interest rates for consumer Serious arrears of six months goods are high and can easily overload a low-income budget.

Mortgage arrears and consequent repossession are now an important factor in the rising homelessness statistics. In 1981, mortgage arrears accounted for 5 per cent of families made homeless; now the figure is 10 per cent and rising. This is worse than it looks because the number of households claiming homelessness is also rising and has doubled since 1979-80 to around 200,000.

It is here that the case for a coherent housing policy, maximising the roles of both public and private sectors, becomes apparent. The army of homeless is not an indicator of an absolute shortage of housing but of a mismatch between housing need and availability. Mr Patten has referred to "the scandal" of 116,000 empty council properties

a mixture of local authority in-efficiency and an acute shortage of public funds for repairs and renovation (exacerbated by the problems of incompetent archi-tecture and poor workmanship in the 1960s housing construction boom), is only the tip of the ampty property iceberg. There are over 500,000 more empty properties and they are all pricately owned.

There is little to be gained and everything to be lost for and everything to be lost for a private owner who considers letting an empty property. The combination of a mass of regu-lation in favour of the tenant and against the landlord, coupled with rapidly rising property values, means that for many owners the best solution to an unused property is to keep it empty as an asset of rapidly it empty as an asset of rapidly increasing value or to let it on a special contract to a company wishing to accommodate over-

seas personnel.

arouse.

The Government has contemplated legislation to deregulate the private rented sector to allow landlords and developers to charge market rents and to give owners more rights to regain their properties in the hope that this would encourage a rapid expansion of the sector. But it shied away last year, fearful of the political controversy that the spectre of unscrupu-lous landlords, deregulated

is not an indicator of an absolute shortage of housing but of a mismatch between housing need and availability. Mr Patten rented sector isn't going to be asy. We will need to gain the confidence of tenants and land people.

But this figure, representing the proper suster in bounding programme, since the homeless. This would require the Treasury to modify its opposition to all public several billion pounds, mainly its opposition to all public rented sector isn't going to be asy. We will need to gain the confidence of tenants and land people.

But this figure, representing the private the proceeds of selling council spending and divert its attention more closely to source and allowed by the Government to confidence of tenants and land plough back into housing.

But this figure, representing the private the proceeds of selling council spending and divert its attention more closely to source and quality of spending together with need. There was a hint freedom to provide bousing has the Government may at last be cause of the difficulty of pushwhich young people suffer in London and other big cities."

through a parliamentary term when the Labour Party is "sure to take a destructive attitude."

But in reality, the Government is most fearful of opposition among its own sup-porters. This caused the plan to be dropped when it first arose, well before the half-term point. So if reform of the private rented sector is out for the time being and the Govern-

ment accepts that at least a quarter of all people will remain in rented property, what about the public sector? The private sector has not filled all the gaps and key sections of the community, notably young single people and young families with very low incomes. find accommodation of any sort almost impossible to get. Exorbitant bedsitter rents are being charged in some cities— £70 to £100 a week common in London for single bedsits in central areas.

The stopgap local authority solution to homelessness is to provide bed and breakfast accommodation. In London alone the number of people in bed-and-breakfast quadrupled between 1981 and 1984. The annual cost of keeping a couple with two children in bed-and-breakfast in London is now estimated at just over £13,000; the cost of building them a rents and notices to quit could council flat is estimated at

Mr Patten is clear about the need to tackle "the degrading scramble for accommodation sources for an enhanced council building programme,

In 1979 English local authorities spent £2,6bn on housing capital of which about £1bn was on new dwellings, a further reduction on cuts already started by the last Labour Government. By 1985-86 the figure was £2.4bn, of which only £620m was for new council dwellings. This represents a real cut of 56 per cent in total capital spending and a real cut of 86 per cent on new council

amounts it is allowed to invest.

The Government has even extended its cuts to the housing associations which, under the umbrella of the Housing Corporation, have filled a gap between the private sector and the local authorities by build-ing and renovating homes for low cost rent and partownership. Yet their cash investment figure has been cut from £889m in 1982-83 to £812m in 1985-86 and it is planned to fall again in 1986-

All these reductions are clearly reflected in the switch in the share-out of our national wealth. Public spending on housing as a proportion of GDP was 2.2 per cent in 1979-80 and 0.8 per cent in 1985-86.
This has pushed Britain further down the European housing expenditure league—a table in which it has not shown up well under either Labour or Conservative administrations. Total public and private residential construction comprised 3.8 per cent of British GDP in 1976 while France, Denmark and Belgium all spent more than 7 per cent and Ireland

the Netherlands, Greece, Italy and West Germany all spent more than 5 per cent.
The Government estimates around £20bn needs to be spent to renair and renovate the council housing stock; the Audit Commission estimates the total construction and repair bill to put public and private sector housing stock right could be £30bn to £40bn. Expenditure on this scale can only be made over time but it could be started if the Treasury were to ease controls

on capital spending. Some £6bn is now locked in local authority accounts instead of being used to create more housing.

A starting point for a new housing policy would be to free these receipts with the sole restriction that they are used for replacement housing or special category housing in short supply—medical flats, homes for young singles or short-term accommodation for

Lombard

Japan's missing world role

By Jurek Martin

cause of international economic prosperity if it can only grow rely on exports?

One solution, put forward recently by the World Institute

for Development Economics Research (Wider), the newish Finnish-based offshoot of the United Nations University, is onted Nations University, is for Japan to come up with new mechanisms for redirecting its surpluses to somewhere other than the New York financial markets. It would like to see Japan set up a new international fund, with a contribution of 0.1 per cent of its Gross National Product, to encourage private capital investcourage private capital invest-

courage private capital investment in the developing countries—a complement, it says, to the Baker plan.

The proposal commands interest both on its own merits and because one of its authors is none other than Dr Saburo Okita, the indefatigable economist and former Foreign Minister, who is not only chairman of Wider's board but who also served on the Maekawa Commission. It was this body which three weeks ago produced a report, ecstatically welcomed by the Reagan Administration, on how the Japanese economy could be made more internationally compatible.

made more internationally compatible.

The Intriguing thing is that, in his wider manifestation, Dr Okita seems willing to question what his establishment Mackawa persona could not; that no combination of new roads, airports, houses and shorter working weeks, and no mix of deregulation, liberalisation and market opening packages will market opening packages will so stimulate Japanese domestic demand that the propensity to save over 20 per cent of GNP will be ended at a stroke, or even in the foreseeable future. Given the government's commit-ment to fiscal austerity, the be seen merely as a treasury probability is that a lot less and not as a source of ideas and than the optimum will be initiatives. Saburo Okita is,

THE WORLD wants Japan to big banks and industrial congrow faster. Japan says it wants cerns generally earn far more to grow faster. But what if money dealing and selling over-Japan simply cannot spend all, seas than they do at home, seas than they do at home, where their margins are often or even a substantial part, of where their margins are often its excess savings on itself? tiny. The incentive to invest How can it contribute to the more indigenously is not over-

Nor, to be brutally frank, is the average Japanese yet screaming from the rooftops for a wider selection of goods or for a higher quality of life. The absence of Volvo estate cars and second homes in the country, or even bigger first homes, do not impinge much on a stational consciousness which is by no means dissatisfied with its current lot and which can-not see good reason to consign the work ethic to the dustbin.

Translated into macro-economic policy, the Wider paper suggests that, even if the Government does all it promises, the savings/investment gap will probably not fall below the range of 2.5-3.0 per cent as a proportion of GNP (it was 3.5 per cent last year) un-less the rate of domestic growth is deliberately and drastically brought down, which makes no political or social sense. In other words, the surpluses and the vast reserve of national savines are an enduring fixture. The Wider proposal is by no means the first to come along in recent years to try to find ways of harnessing Japan's wealth to its international com-mitment. One respected Japa-

nese research institute has suggested Japan underwrite massive global public works, What seems to be missing, however, is consideration of non-financial ways for Japan to play a full international role. Japan is agitating for a bigger voting share in the World Bank and is promoting reform of the UN system, yet it still refuses to commit its best people to the international institutions; high-quality Japanese bureaucrats, academics and executives simply prefer the comfort and security of home. This has probability is that a lot less than the optimum will be and not as a source of ideas and initiatives. Saburo Okita is, attempted voluntarily.

It is indeed a fact that although Japan has a large and, as his involvement with the for the most part, enviably Maekawa report shows, must be seen merely as a treasury and not as a source of ideas and initiatives. Saburo Okita is, sadly, the exception, rather than the rule — and even he, although Japan has a large and not as a source of ideas and initiatives. Saburo Okita is, sadly, the exception, rather than the rule — and even he, although Japan has a large and not as a source of ideas and initiatives. Saburo Okita is, sadly, the exception, rather than the rule — and even he, although Japan has a large and initiatives. healthy domestic economy, it is often wear his establishment not a vastly profitable one. The Japanese hat.

Britain and the EMS

From Sir Alan Walters
Sir, — In your editorial of
April 7 you said that I had a "theoretical impossibility." I neither argued anything of the kind nor can I find any such suggestion in my recent book, Britain's Economic Renaissance. The EMS is an institution and not an abstraction, so it is clearly absurd a refer to it, stable or not, as a theoretical

impossibility.
In my book I tried to think out the consequence of Britain joining the exchange rate mechanism. This is, I presume, what you reject as "theoretical "common sense." I then reviewed the evidence both of the EMS, the snake and other pseudo-fixed exchange rate systems such as Bretton Woods and the Latin-American system of predetermined exchange rates. The result of my nitpicking and review of the evidence suggested that it would be diffi-cult for a small country like Britain with no exchange and credit controls to pursue a really fixed exchange rate mechanism, mainly because capital movements, potentially on an enormous scale, would

make monetary policy perverse.

Of course I may be wrong—
and I would be interested to
hear the arguments. I would
particularly like to hear of any small country operating a fixed exchange rate system with sophisticated open and free capital markets. The only stable regimes with open capital mar-kets I could find are those, such as Hong Kong, where there is a monetary system which re-sponds quasi-automatically with a reserve and currency change to any pressures on the foreign exchanges. (Incidentaly I fully supported the package of a restoration of a fixed exchange rate and the currency board system in Hong Kong in October 1983). I was also impressed by the fact that the burgeoning freedom in capital movements, albeit on a very modest scale compared with today's enormous flows, saw the demise of the Bretton Woods system in the late 1960s

the late 1960s.
There are, of course, many solutions. First the varying chances and degrees of realignment may render the exchange rates uncertain. But of course this would negate the objective of some short-term stability. Second, the members could consecond, the members could control capital movements by regulation and exchange controls, usually buttressed by forms of credit rationing. This is what all the members, with the exception of the banker Germany and the Nathelands practice. and the Netherlands, practice. Third, there could be some re-forms towards currency boards. or similar variants, based on the At present the EMS is some

Letters to the Editor

mixture of the first two alter-natives. Whether you regard that attacks on solicitors are this as desirable or not depends popular and well received by on your attitude to the efficacy and equity of exchange controls and I suspect the corollary of domestic credit rationing. A. A. Walters. Washington 2820.

Trading on Sunday

From Mr B. Pearce Sir,—Now the debate in Par-liament on Sunday trading has occurred should not those who have to enforce the law carry out their duty even if it is difficult? Bad law or not it is the law and it is the duty of the relevant authorities to carry out their obligations. There is no element of choice. Is not there a parallel to be drawn with those who fail to set a legal rate?

B. Anthony Pearce, Burton Lane Farm. Goff's Oak, Waltham Cross, Herts.

Rights against

solicitors Prom the Honorary Secretary, Dudley & District Law Society

Sir. — I am writing in reply sir. — I am writing in reply to Dr Hermann's article on the legal profession of April 17. No organisation is perfect, but to put the matter in perspective I would venture to say that at the present time and even more than the present the and even more or in the fatters. on the future with the various proposals, the public has more rights against solicitors when dissatisfied than is the case with any other profession or indeed any organisation.

While Dr Hermann is unhappy with the complaints procedure, he merely glosses over the fact that the independent lay observer in no case criti-cises the final decision of the Law Society; he then ignores this satisfactory state of affairs and complains about the syscomplains about

future proposals for shoddy work, the charging of fees and the lack of remedies for negli-gence. In all these fields though the procedures may not be perfect, at least the public has some redress. Can Dr Hermann point to others with such com-prehensive, albeit not perfect, remedies?
I would have thought that Dr

Hermann's energies could be better directed to many other more unsatisfactory areas in the consumer field. It is probably the public.

David Stephenson. Kildonan, Maypole St, Wombourne, Staffs.

The company

From the Director, Society of Motor Manufacturers and Traders

Sir,—You reported (April 23) that the Liberal Party has issued a paper advocating "Full taxa-tion of company cars." The publication of this paper cannot go by without comment; it mis-understands the role of the company car in commerce and industry in this country.

The private benefit gained by the company car user is usually marginal and most have to own a private car for domestic pur-

car arises from the attention given by those motivated by envy to the small number of "perk" cars. The vast majority of company cars on the roads are required by business executives explained as a service. tives, salesmen, service en-gineers and others for the effcient performance of jobs on cient performance of jobs on behalf of their employers. The taxation of the private benefit of the company car is, in the majority of cases, well in excess of the private benefit actually enjoyed. Further in-creases in taxation could be damaging to British commerce and industry senerally and to and industry generally, and to the motor industry upon which so many jobs and so much ad-vanced technology in this country depend. Anothony Fraser. Forbes House, Halkin St, SW1.

The price of oil From Mr T. Simms

Sir,—Mr Fletcher's simple analogies of the national he were to use as much oil as he drew from his imaginary private oil well. Nevertheless, the scenario he sketches is a good representation and per-haps better for its simplicity. It is the conclusion he draws in his last paragraph that prompts me to write. Since oil is a non-renewable resource and therefore to be

regarded more as a form of capital than as earned revenue when it is lifted, decisions on rates of extraction are determined more by perceptions of, and attitudes to immediate and short-term needs and concern or otherwise for the welfare of other consideration. Price is as much, if not more, a result than it is a determinant of such

it is a determinant of such decisions—as evidenced by the recent collapse in oil prices.

Before "sacking his financial manager on the spot," presumably Mr Fletcher would have checked the performance of the unfortunate incumbent against the brief he was given. By the same taken the Charcellor's same token, the Chancellor's (and the Government's) performance should be checked against the mandate we gave against the mandate we gave them. If we did not express enough concern for our longer term future and future generations of our people, we can hardly blame the Government for seemingly placing this lower down on the list of priorities than perhaps would have been prudent for a long term strategy. After all, in a "democracy," governments can only do what the electorate mandates and allows them to do.

One wonders what brief Mr

One wonders what brief Mr Fletcher had in mind to give to his imaginary financial manager.

ager.
Terry Simms.
8, Hoden Lane,
Cleeve Prior,
Nr Evesham, Worcs.

Expensive to work

From Mr R. Musgrave

Sir,—There is a simple solu-tion to the problem Mr Franklin (April 23) highlights —that millions of people are little or no better off working than on unemployment benefit. The solution is to make the benefit conditional on doing some work. This solution is working well and rapidly expanding in America (where it is called Workfare). In fact there is no need for this type of work to be confined to the public sector or private non-profit sector. In short, if government instead of offering money to claimants

for free, hands the money to an employer, and tells the claimant to go and make himself useful to the employer, the employer will be able to create some sort of work. In economics jargon the marginal product of labour in any firm declines as numbers analogies of the national employed rises, and does so to economy and oil reserves (April 19) would be more complete if and, incidentally, minimum wage rules or union imposed wage levels make a nonsense of further expansion in the labour force. A Workfare type system circumvents these two obstacles to employment creation.

The Boot House, Ghyll Head,



PROFIT FROM AWIDER VIEWPOINT.

Sadly, it isn't possible to read the future. Which is why you should read

The Wall Street Journal/Europe.
You'll find it strikes a balance

between the expected and the unexpected.

Between the hot news you'd expect in Europe's leading daily business publication,

and the cool judgement and analysis

you wouldn't.

And between its predictably unrivalled coverage of US business and economic stories, and its surprisingly European outlook.
But it's no surprise that as

a whole, The Journal's readers are more successful in business than the readers of any other daily publication.

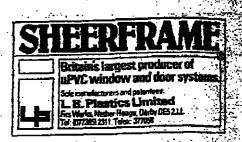
Could it be that they ve found a way to read the future?

GO STRAIGHT TO THE TOP

क्षा द्वारा

FINANCIAL TIMES

Monday April 28 1986



Terry Byland on Wall Street

Investors buy some insurance

LAST WEEK'S substantial setback in the federal bond market - which failed to hold a recovery on Friday has not yet upset the equity sector.

Perhaps the stock market has become sufficiently secure in its optimism over corporate profits to unlatch itself from the bond market. Or perhaps not, in which case any further rise in long-term bond yields will, sooner or later, take its toll of stock prices.

While there is still no shortage of bulls about, who believe that the Dow Jones industrial index will scale the 2,000 barrier very shortly, there are also those advocating more careful investment strategies.

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Technology issues, which made the running when the bull phase opened, are now moving more erratically, often dependent on IBM for a lead. The market is beginning to look for sectors with relatively undervalued recovery prospects.

Stocks among the property/casualty insurance leaders find increasing support as the quarterly results from the sector show just how suc-

Company	Stock (S)	P/E
American Int (AIG)	1281/2	23
Chubb	72%	38
Genera! Re	117%	40

cessful some of the big names have been in riding out the serious problems besetting the industry.

Yet recoveries of 30 per cent to 40 per cent property/casualty stocks since autumn 1985 do not match that of the industrial stock market overall. The well-publicised disasters in some areas of property/casu alty, chiefly in medical, product and state liability insurance, have held the stocks back. As usual, the efficient who have switched away from the problem areas and raised their rates wherever possible, have been penalised together with the less

Yet for those groups which have already achieved a strong rebound in earnings, the momentum is likely to continue throughout the current year and probably beyond. Many companies have reduced their presence in property/casualty insurance, and those major manufacturing companies, such as IBM, which have taken on board some of their own insurance liabilities, will | quotas in an effort to curb the food be happy to relinquish them when turns better. All this will mean more business for the big names which have reshaped their

Chubb Corporation, which recently confirmed its premier position in the industry by disclosing a 138 per cent jump in first-quarter earnings, still trades at a 25 per cent earnings discount to the industrial stock

Yet Chubb seems to have succeeded in eliminating the dangers of future claims against its medical malpractice divisions by its reinsurance agreement with Sun Alliance and London Insurance of the UK. A \$173m charge taken against last year's earnings leaves Chubb to benefit from the improved insurance environment in the US.

The firmness of the Chubb stock price over the past two months indicates that the institutional stockholders have taken a positive view of medical malpractice reinsurance. Chubb probably has the strongest case in the industry for a re-rating of its stock price. But a similar, if modified, case can be made elsewhere.

The substantial upturn in fortunes at American International Group (AIG) has caught the attention of the stock market and the stock has paced the market since the turn of the year - outpaced it, in fact, allowing for the sale of nearly 3m new shares in January.

AIG has followed both the avail-

able paths to recovery. It has raised its prices sharply in the commercial property/casualty market, boosting net premium income substantially. It has also tightened up its domestic brokerage business, ridding itself of unprofitable and unwanted accounts and tightening policy writ-

ing on the profitable areas. General Re, the largest US reinsurance group, was another to take advantage of the strength of its stock price to sell 3m new shares earlier this year. The sale slowed up the growth in the stock price but at present levels, there still seems at present levels, there still seems much to go for. The shakeout in the reinsurance market brought a flight to quality which has done General Re nothing but good. Premium volume on its reinsurance of domestic business has more than doubled, and there is no sign of a slackening yet.

Only one factor could seriously upset the recovery of the property/casualty insurers, and unfortunately casualty insurers, and unfortunately that factor showed up on the market horizon last week. If the long fall in interest rates is now

long fall in interest rates is now over and last week's jump in longterm bond yields represents a new trend, then the path of the insurers will be less rosy. Even so, the outlook for the efficient insurers must still be rated bullish.

WALL ST ACQUISITION ILLUSTRATES TRENDS IN US FINANCIAL MARKETS

Why Kidder sought GE capital

GENERAL ELECTRIC'S \$600m acquisition of an 80 per cent stake in Kidder Peabody, one of Wall Street's longest established private investment banks, encapsulates two current trends in the US financial markets.

First, it demonstrates the growng interest of a handful of old-time industrial and commercial companies in the financial sector, Second. it underscores the inexorable drift towards greater size among the Wall Street securities houses.

On the face of it, General Electric, a manufacturing giant best known for its locomotives, power generating equipment and kitchen appliances, is an unlikely partner for an investment bank. But its move into Kidder came as no great surprise to Wall Street. There has been a persistent buzz of speculation that both GE and General Motors, among others, have recently been running their slide-rules over

several securities companies. The logic is straightforward: both have large and growing financial subsidiaries, both have achieved generally higher profits in the fi-nancial sector than in their manufacturing businesses, and both have balance sheets that could be profitably put to work in the capitalhungry securities business.

GE's thrust into finance has come ing of its business on high-growth the other. In leveraged buy-outs, for

BY QUENTIN PEEL IN BRUSSELS

FINANCE ministers of the Euro-

pean Economic Community (EEC)

must today decide how to deal with

the results of the farm price agree-

ments negotiated by the farm min-

demand for more than Ecu 1.5bn

The excess farm spending seems

certain to be incurred in spite of an

unprecedented acceptance of bud-

getary restraints by the farm minis-

ters in their five days of talks. West

Germany was prevailed upon to

adopt the main elements in the price freeze package proposed by the European Commission, includ-

ing a 3 per cent tax on cereals pro-

The 12 finance ministers must

cept the outcome - and therefore

duction and a 3 per cent cut in milk

surpluses.

(\$1.46bn) in extra cash this year.

technology and service sectors aims that were neatly combined in its 56.3bn purchase last year of RCA, the electronics, defence and broadcasting group. Finance has emerged as a lead-

ing service business from the group's historic activity in consumer and corporate lending. In recent years this commodity-type busi-ness, aimed at facilitating the sale of GE's products, has been turned into something much more potent. The group has launched into leasing, insurance and the funding of leveraged buy-outs, where it has become one of the leading backers of managers trying to finance the acquisition of their companies.

The Kidder acquisition adds a new dimension to these burgeoning banking-type activities, in which GE has assets of more than \$22bn at present. "We are principally in the husiness of the financing of assets," says Mr Robert Wright, chief executive of General Electric Credit Corporation (GECC). "Kidder Peabody is in the business of tracking. advising on and arranging those transactions. The issue of matching those skills to ours is a critical one

Neither side was prepared to say last week exactly how this matching would be done. But there are certain areas of common interest where they can each clearly help

EEC's finance ministers face

decisions on cost of farm deal

timate that the absolute limit avail-

supplementary budget this year is

The extra Ecu 1.5bn on the farm

budget is said by agriculture offi-

cials and farmers to be the result of

factors beyond their control - and

therefore, they argue, it should not be paid for by the farm sector.

US dollar against EEC currencies,

which is likely to add some Ecu

850m to the cost of EEC farm export

The recent re-alignment of the

European currencies within the Eu-

ropean Monetary System, which ef-

fectively devalued the French franc

by 6 per cent against the D-Mark, is

The third big element in extra

Most of this year's destocking, at.

The main factor is the fall in the

shortfall of some Ecu 600m.

able for extra farm spending in a cluding the revenue from the 3 per

no more than Ecu 920m - leaving a cereal farmers will now have to

example, GE will now have a potential distribution network for the paper it creates in financing deals. Equally, Kidder should be able to raise its profits and go after bigger transactions with the backing of GECC's balance sheet.

Similarly, in the consumer finance for cars and housing, the combination of the two companies provides the opportunity for in-house "securitisation" of GECC's substantial loan portfolio. Securitisation, in which a large number of relatively small loans to house or car buyers are bundled together and sold on as bonds, has grown by leaps and bounds on Wall Street over the last five years. In the past, GE has had to turn to a third party as a distribution agent in this area.

far the most important aspect of the agreement is the access to capital that the link with GECC will give it. Described by one of its competitors as a "conservative, well-respected, but not too adventurous \$80m in equity, which will be firm," Kidder has proved highly matched by \$20m from Kidder's profitable over the last few years, own shareholders and an additional earning a steady 20 per cent or

From Kidder's point of view, by

more on equity since the beginning of the decade. But it had nevertheless come to the conclusion that its partnership-type structure - it has about 500 employee-shareholders among a workforce of 6,000 - made it difficult to generate sufficient funds for expansion at a time of

cent "co-responsibility levy" which

The key to the farm price deal

which was agreed on Friday was

the devaluation of the "green" cur-

rency rates of all the member states

except West Germany and the Netherlands. The move will soften

the impact of the price freeze by

granting effective price rises for some products ranging from 3 per

cent in Britain and France to 5 per

In the end, Mr Ignaz Kiechle, the

West German Farm Minister, was

isolated in his rejection of the pack-

age, with limited support from

er quality standards for cereais -

both amounting to a disguised price

They weakened the package by postponing any decision on the

Commission's plan to phase out in-

tervention buying for beef, and they

decided not to cut the price of but-

ter, in spite of a huge surplus of

Editorial comment, Page 16

Spain and Luxembourg.

cent in Italy.

rapidly-growing trading volumes and global development in the securities markets.

While other medium-sized private Wall Street firms have faced similar problems in recent years, the solution of going to a large industrial group for fresh funds is a new one and likely to prove controversial because of the potential conflict of

What evidently swung Kidder behind the deal was the belief that this type of arrangement will be ex-tremely flexible, keeps it out of the messy business of having to cope directly with public shareholders, and was as profitable to insiders as any of the alternatives. GECC is paying a little over 2.5 times book value for its 80 per cent, reportedly leaving some leading shareholders

with fortunes of over \$40m. The growth in the capital base which Kidder is looking for has al-ready started. As part of the transaction, GE is contributing a further

That still leaves the group outside Wall Street's top 10 of most highly capitalised banks but it gears it for much more rapid development under the terms of the capital split, every time Kidder generates another dollar for expansion, GE will chip in a further \$4.

Ginza gets Tokyo's import message

By Carla Rapoport in Tokyo

HUGE pictures of Botticelli's Venus and Mr Yasubiro Nakasone, the Japanese Prime Minister, were dis played in Tokyo's Ginza shopping district yesterday as Japan launched "Import Now," a pre-summit publicity campaign intended to reduce Japan's embarrassing trade surplus with the West.

The hands with foreign countries

through imports," and "Through imports let's increase nice goods and nice relationships with foreign countries, read huge Japanese banners hung in the district. In front of the Sony building, for-

The ministers agreed on the 3 per cent co-responsibility levy and highfree to allcomers, along with a message from Mr Nakasone. It said im-ports "will build an affluent Japan not isolated from the world, while assisting in the development of foreign countries."

From the foreigner's point of view, however, the imported gifts left something to be desired. Firstcomers received three Del Monte bananas, those who passed later walked away with a toothbrush (made in Italy), a British ballpoint pen, or, towards the end of the afternoon, an American sponge. "This looks a bit low-budget," remarked a

British passerby. Indeed, the opening ceremony, sponsored by the Ministry for International Trade and Industry (Miti) and other agencies, attracted only a modest crowd of Sunday shoppers. Across the street, ultra-rightists plared out the Japanese national anthem from speaker vans covered in anti-summit banners.
None the less, Miti officials were

undaunted. "Importing is the highest policy priority," Mr Hideo Nakanishi, deputy director of Miti's import division said. "In the 50s and 60s Miti told people to buy Japanese goods, now we must tell them to change their ways."
Import drives have been going on

for years in Japan. This particular one will include 3,400 import bazaars at department stores and government buildings in Japan.

As imported goods are ordered and shipped months in advance, very little of the yen's recent appre-ciation has resulted in lower prices for imported consumer goods. Even so, optimists exist. "Look at panty-hose," said Ruth Anne Wolfe, a manager at Seibu department store in central Tokyo. "These Burlington hose are selling for Y500 (\$2.97). We bought them direct from the manufacturer in the US. Our supplier in Japan can't make the same thing at that price. And the American pantyhose have sandal-foot toes, which the Japanese don't." Seibu has so far bought 1,000 pairs of the US tights - in large sizes only - for foreign customers.

Tiffany reopens in London

Tiffany's return to the European market reaffirms "the company's commitment to its international clientele which has represented an important customer base throughout the firm's celebrated history."

THE LEX COLUMN

Now you see it, now you don't

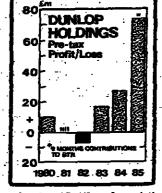
Whether or not Distillers and Imperial retain their corporate identities, they are finished in accounting terms. By the time Guinness and Hanson Trust next produce a set of annual accounts the assets and liabilities of their new subsidiaries will be indivisible from those of the rest of the group. The alert reader may spot their profit contri-bution tucked away in a note and a technical accountant might even hazard a guess at the revised value of their assets. But, as distinct accounting entities, they will have

There is nothing sinister about this disappearing act. Acquisitions are consolidated like another subsidiary and their operations may well be parcelled around the group. making a nonsense of separate disclosure. But what increasingly bothers some accountants - not least those retained by vulnerable companies – is the room for manoeuvre afforded by acquisition accounting.

Fair value

In the good old days when companies were taken over at below asset value, boosting profits was a straightforward matter. The price paid could properly be interpreted as the "fair value" of the assets, so it was easy enough for the assets, so it est, knocking on 125,3m to account was easy enough for the offeror to for the rationalisation of its acquisites new subsidiary by writing down er relief under section 131 of the the value of plant and equipment. Asset write-downs of this kind are for the purposes of an acquisition still common in manufacturing can be credited to parent company takeovers, an extreme example being provided by BTR's acquisition of Dunlop. It is not possible to es- The difference between par and tablish the new value of Dunlop from the 1985 accounts published last week but the notes do provide the odd clue.

Goodwill of £107.7m has been charged against reserves, a figure charged against reserves, a figure pear to go a stage further. The new which roughly corresponds to a Debenhams balance sheet is pregoodwill item of £113.3m in the flow sented in brief and shows current of funds statement. By the time BTR bought it, Dunlop's net worth of minus £136.7m. The comparable had shrunk to £63m. After fair val- figure in the last published balance ue accounting, those assets appear sheet was minus £57m so, even alto have been replaced by net liabili- lowing for the rationalisation provities of £45m. Even BTR's worst en- sion, almost, £40m seems to have ties of £45m. Even BTR's worst ension, almost, £40m seems to have cline towards leniency, and with the emy would not blame it for writing gone missing. If Burton has, for example it for writing gone missing. If Burton has, for example it for writing gone missing. down Dunlop assets. As an independent company, Dunlop was condent company, Dunlop was base from taking a rigorous view of count. But since Burton did not only begin to make sense if compa-fair values. On a highly conserva- even specify the Debenhams tradtive treatment, it would have ended ing contribution in its recent inter-quences of a takeover more clearly.



track through the depreciation charge the effect of the write-down or even to establish whether a subsequent disposal has allowed a profit over the written-down value to be taken through the revenue account. But that is only the start of it. In

addition to adjusting asset values, acquiring companies charge against reserves provisions for future reorganisation costs. Two recent sets of accounts show that these can be well, rather large. In its 1985 accounts, Guinness charged £45.5m as provisions for liabilities and charges on acquisitions. Burton Group was only slightly more modest, knocking off £43.5m to account reserves at par value, removing the need for a share premium account. market values can then be used to establish what amounts to a goodwill reserve, against which such provisions can be written off.

The Burton accounts would apassets less liabilities and provisions problem is that it is not possible to impossible to quantify.

All these adjustments must be approved by the auditors and there is no evidence that any company has failed to conform with the ap-propriate accounting standards. But the acquiring company does have considerable latitude in estab lishing provisions and fair values. which is not always apparent from the accounts. Dixons, for example, has not specified in its accounts how it treated the credit schemeprofits it acquired with Currys. Before it was taken over. Currys recognised profits on credit sales only. as the cash was received over the period of the credit agreement. Dixons has now subcontracted the Currys credit scheme but it is impossible to deduce from the accounts whether the stored-up profit was treated as a pre-acquisition item on the balance sheet, which would be the conservative approach, or whether part of it has flowed through subsequently to the reve-

To ask which is not mere pedantry. Dixons is using paper valued at 40 times historic earnings to bid for Woolworth and it owes that rating in large measure to its success in revitalising Currys. There is no doubt that Dixons has done an excellent job as a retailer but there is: simply no way of telling what, if anything, acquisition accounting contributed to the surge in profits. Reported earnings can, for exam-ple, be altered significantly simply by moving an acquisition on to the accounting policies used by its new parent. And the timing of an acquisition can also make a difference. Dixons, for example, consolidated Currys for the last 21 weeks of its financial year ending in April, and weighted the issued share capital accordingly. This was undoubtedly the correct approach but it did have the effect of boosting 1984-85 earnings-per share, since it took no account of Currys' bias towards Christmas profits. The responsibility for ensuring

that published accounts properly reflect the effect of acquisitions lies with both the auditors, who may inand if consumers of accounts both-

AT&T to cut trunk-call charges by \$1.5bn

The 12 finance ministers must estimated to cost Ecu 380m in 1986 now decide whether they simply acand Ecu 600m in 1987.

impose spending cuts in other areas farm spending is the cost of dispos-

such as social and regional spend- ing of the EEC food mountains - the

ing later this year - or whether they cereals, beef and butter in storage -

send the package back to farm min- at a time of weakening internation-

isters and insist on further econ- al prices, with the US threatening

omies. Bonn would favour making to step up its efforts in the looming

defend zonal and regional outlays. a cost of some Ecu 1.1bn, is sup-

Community financial officials es- posed to be financed by other sav-

agriculture the top priority but the farm trade war.

Mediterranean states will battle to Most of this ye

graph (AT&T), the US telecommunications group, plans to reduce its domestic long-distance telephone charges by \$1.5bn, including an overali 9.5 per cent price reduction in its basic long-distance service.

The sweeping cuts in telephone charges - which are larger than expected - will increase financial pressure on AT&T's cut-price rivals. They include MCI Communications which recently acquired IBM's lossmaking Satellite Business Systems (SES) subsidiary and GTE Sprint, which is planning to merge with United Telecommunications longdistance subsidiary.

AT&T's move could trigger another round of fierce price competition and further consolidation with

the US industry.
The scale of the cuts makes clear AT&T's determination to stem the erosion of its large customer base. Despite the growth of its rivals since deregulation of the industry. AT&T still enjoys, by some calcula

AMERICAN Telephone & Tele-tions, about 70 per cent of long-distance telephone traffic in the US.

If approved by the US Federal Communications (FCC), the price cuts, which will mostly benefit business customers and day-time callers, will take effect on June 1 - timed to coincide with an increase in the federally imposed local telephone subscriber line charge from \$1 to \$2 a month. Among specific price reductions which AT&T has proposed are cuts in long distance rates of 11.4 per

cent during the day and of 2.7 per cent at night and at weekends. Rates for long-distance services tartomers will also be reduced substantially. In the UK, as a result of the

scheduled start of operations by Mercury next month, prices of trunk and international calls have also been falling. BT plan to raise \$500m, Page 6;

Telefónica listing, Page 21

Attacks on Britons. **Americans**

some 1.1m tonnes.

Continued from Page 1 ng 10 of the 47 Libyan diplomatic personnel in Italy and imposing res-

trictions on the freedom of movement of those remaining. No decision has been taken about the future of the estimated 4,000 Libyans officially resident in Italy. Terrorism and relations with Lib

ya loomed large on Mrs Margaret Thatcher's weekend agenda. The British Prime Minister met her French counterpart, Mr Jacques Chirac, for the first time since his election victory in March. The two leaders agreed that the western democracies needed a common. efficient and reasonable stance in the battle against terrorism.

The disagreement between the two governments over the justifica-tion for the US raid on Libya did not create any real problems, said Mr Chirac after his three-hour meeting with Mrs Thatcher. Cancellation of existing arms contracts that British companies have with Libya is one of several

options being considered by the British Government as a further step in countering terrorism. In a BBC interview, Mrs Thatcher forthrightly refused to rule out the possibility of Britain's supporting US military action against Iran and Syria if they were proved to be

involved in terrorism.

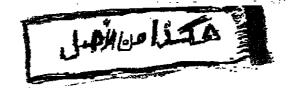
Big Bang law may face delay

Continued from Page 1 ment is expected to make its latest position clearer on some of the main questions during the next few

International securities firms, which have so far operated in the London-based Euromarkets essentially without regulation, have argued that the bill is framed largely

Continued from Page 1

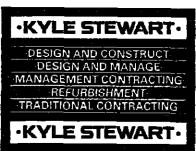
Mr Chaney says. Tiffany has had a rather chequered career and various owners during its near 150-year history. Rollo Viene



SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Monday April 28 1986



cancel the deal at no cost.

censured by the tribunal.

A total of eight executives were

sidiary of Cheung Kong, was also found guilty of culpable insider

dealing, Mr Chow Chin-No, a direc-

shares held by Starpeace during

INTERNATIONAL BONDS

Wall Street casts a long shadow across Europe

THE Eurobond market was likely of consolidation. It is heavily over to become sick from a surfeit of recent issues last week. The process, however, turned out to be more violent and unpleasant than anticipated. The dollar plummeted on foreign exchanges, sending the Trea-sury long bond tumbling by eight points on the week, writes Clare Pearson in London.
The fortunes of this benchmark

stock cast a long shadow across both Eurodollar and the so-called currency sectors all week so that trading was nervous and thin. tail investors stayed on the side-

Having seen the Treasury market move so erratically, traders left their desks on Friday night with continuing unease. US Treasury auctions are scheduled for next

With the dramatic fall in the dollar making further US interest rate cuts soon increasingly unlikely, traders see no light at the end of

The markdown in prices was a necessary correction but, at best, the market may now enter a period

loaded with paper, and some bank-ers fear that fading hopes for lower interest rates could even start a classic sell-off.

seem out of fashion. Even a "bluechip" issue, such as Petro-Canada's \$100m 7% per cent 1996, traded ignificantly outside fees on Friday afternoon. The week's new issues for corporate borrowers floundered, with Mountain States and Olympia & York's bonds bid at discounts well outside their fees.

That left floating-rate notes and equity-related issues as two small bright spots last week. Despite a more fragile tone to the Tokyo stock market dollar bonds with warrants into Japanese shares relentlessly traded over par, and the week saw the usual crop of such is-sues. That for Sekisui Chemical was quoted at 119 bid and that for Sumitomo Realty at 120 bid on

The dollar floating rate note sector resped the rewards of weeks of low new issuing activity and although turnover was low, there was Sweden 8-75% Mar 25, 1996

APRIL 1986

Some new issues did not take advantage of this because they were are Ecu market, where rates on vantage of this because they were either tightly priced or subordinated, thus limiting interest from UK investors. However, Citicorp's gen-erous '4 point spread over the Condon interbank bid rate ensured buying interest from Japanese if not European investors.

deals had been effectively placed. Price falls in the secondary mar-This cloud may, however, have a silfor high-quality paper, kets of the "currency" sectors

Ecu bonds were about 50 basis points below their theoretical average based on interest rates in component currencies. By Friday this difference had narrowed to 15 hasis points. Bankers were hoping that, given a reasonably stable exchange rate environment, the market could stabilise with yields around 7 per

In the sterling market, turnover watched silt traders watching New York, and there were no positive do mestic factors to offset post-base rate cut depression.

A long-dated sterling issue for a UK borrower, Wellcome, surfaced, While the reception to this bond was reasonably good, traders report that most long-term sterling issues recent issues had been set in antic- a crop of which has appeared since March, seem vulnerable to a market fall. European investors have steered clear of them recently and domestic demand has diminished with the passing of earlier market euphoria.

The much-heralded arrival of the UK domestic corporate debt market

began to look like a function of a bond rally and not an established option for raising funds, bankers

Elsewhere in Europe, the D-Mark sector started the week with dim hopes of a discount rate cut, extinguished by mid-week. Trading was thin and prices were marked down by up to one point. The Swiss franc market continued oppressed by high short-term rates, though bonds for household names continued to

The Canadian and Australian dollar markets continued to suffer from an overhang of paper although selling pressure was not strong. The Australian dollar market saw a crop of issues for Italian borrowers. Traders report that there is a surfeit of paper for Italian and German issuers at the moment

• Morgan Stanley's issue of warrants to buy Royal Dutch Petroleum shares includes a provision for holders to buy one share with two warrants and not two shares with one warrant, as stated in Friday's Financial Times.

Li Kashing to act on tribunal finding

BY DAVID DODWELL IN HONG KONG

CHEUNG KONG, the Hong Kong clause" that enabled Everbright to flagship company of Mr Li Kashing, has challenged the findings of an that found Mr Li and three other Cheung Kong executives guilty of culpable insider dealing.

The Insider Dealing Tribunal, ontor of Starpeace and ICH, and fi-nancial controller of Cheung Kong, arranged the sale of 58m ICH y the second to be appointed by the Hong Kong Government, was set up in November 1984 to investigate trading in the shares of International City Holdings (ICH) in the first half of 1984. ICH is controlled by Cheung Kong. ICH was at that time involved in

an abortive HKS900m (US\$115.8m) property deal with a subsidiary of Everbright, the Peking-linked group headed by Mr Wang Guanying, one of China's leading "red capitalists.

The share price of ICH moved vielently during the period under re-

Only on withdrawal did it become

the period under investigation Mr Chow was found by the tribunal to have "a high level of culpability." Mr Li, who "demonstrably fed relevant information." to Mr Chow. was also found to have a high level of culpability. Cheung Kong at the weekend challenged the conclusions of the tribunal, saying it did not agree that its executives, the

company, or Starpeace were involved in culpable insider trading "either individually or as a group." It pointed to the tribunal's finding that no executives had been inwidely known that the original volved in insider dealings for their ageement had included a "break personal account.

CREDITS AND EURONOTES

Dai-Ichi Kangyo pulls off French coup in Eurocredit market

pulled off a coup in the Eurocredit fered rate (Libor). The first tranche market by becoming the first Japanese bank to win a sole mandate from a state-guaranteed French borrower. The deal, announced on Friday, is an Ecu 125m term loan its life. and revolving credit for Caisse Nationale des Télécommunications, writes Peter Montagnon in London.

It quickly became a talking point not just because Dai-Ichi had snatched the mandate from under the noses of its foreign competitors but also because the terms are predictably tight and the structure unusually complicated.

The credit is divided into two tranches each with an eight-year bullet maturity and each bearing in- facility fee.

New Issue

is an Ecu 100m standby loan while the balance is a term loan of Ecu 25m, which the borrower is committed to keep fully drawn throughout

utilisation fee on this portion will mark level of five basis points. compensate banks for the total absence of any facility fee. On a straightline average this works out at a commitment fee for the whole facility of six basis points a year. Once CNT draws on the revolving loan, the utilisation fee drops to 25. basis points, though the minimum note facilities these days do not al-drawing on this portion must be at low for any utilisation fee if small least Ecu 30m so that the utilisation amounts are drawn. In this case the fee can continue to substitute for a utilisation fee is a generous one and

would be prepared to lend to CNT for eight years at Libor flat. If a notional loan margin is incorporated into the calculation the value of the utilisation fee as a substitute for facility fees shrinks accordingly and The idea is that the 30 basis point could quickly drop below the bench-

> That, of course, would stimulate Electricité de France, which is preparing a much larger programme, to seek even tighter terms, but Dai-Ichi argues that it is wrong to factor in a notional margin. Many Eurothe deal, if fully drawn, would still

cent over Libor. This argument seems to have

ipation of a further rally, was hit particularly hard. On Friday, a new

bond for European Investment

Bank was bid well outside its fees

and hankers said none of the new

won the day. The deal, which is a an increase, though by a maximum club operation, was quickly put to-gether on Friday and only three of the five participating banks were

One advantage this deal has is that it is at least a credit rather than a Euronote facility, even if the bulk of it takes a standby form. There is growing evidence in the Euromarket that banks are growing tired of underwriting Euronote facilities on very fine fees and any-market SNCF is preparing a \$594m thing which leaves out this option is generally greeted with relief

Hungary's latest deal, which car-

the first two years of its eight-year life, has, for example, done very well in syndication and is now oversubscribed. Banks are considering

Also launched on fine terms last week was a \$61.5m, five-year credit for Isveimer, Italy's regional development authority. This carries a margin on drawings of 10 basis points and a commitment fee of 8% points. It is led by J. Henry Schroder Wagg and Fuji Bank.

In the Eurocommercial paper programme that will be backed up by its \$600m facility arranged last year. The launch of stand-alone ries a margin of just 4 per cent for commercial paper, separate from

standby facilities, is a growing fash ion in this market. Last week Nationale Nederland

en, the Dutch insurance company launched a \$325m paper pro gramme which will be integrated into the loan facility arranged for it by Bank of America last year. All 24 banks on the tender panel for this operation will be invited to become alers though some will obviously be more active than others. Elsewhere Morgan Guaranty and County Bank have put a \$100m paper programme in place for Nippon

In the sterling market National Westminster is arranging a £50m, seven-year credit facility for John Mowlem, the construction

Skanska profits drop

BY DAVID BROWN IN STOCKHOLM SKANSKA, the Swedish construct-

ion and investment group, reported its profit before allocations and taxes for 1985 fell from SKr 919m (\$131.2m) to SKr 811m, and annunced the resignation of Mr Birg-

EUROMARKET TURNOVER

Conv 411.6 dary Market 27,972.0 1,142.2 16,303.5 4,588.5 20,057.6 1,241.2 16,782.7 3,966.5 14,350.9 284.9 1,880.0 3,514.1 13,163.8 216.8 2,538.8 3,868.0 16.603.2 37,291,7

He will be replaced by Mr Lars-Ove Haakansson, first executive vice president. The final result was somewhat below the earlier forecast made at 2.92 3.06 1.10 3.84

the nine-month point for earnings of SKr 850m. This was attributed to delayed settlements on several important contracts. Profitability in the domestic con-

struction market has further eroded due to overcapacity and higher costs. However, there were signs that the prolonged fall in building investments had been stemmed. House building continued to slide but industrial construction picked up sharply. Income on property and financial

management also improved last

However, the group expected 1986 earnings to be unchanged on those achieved last year.

April 1986



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INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Sell-off raises doubts about viability of rally

came to a shuddering halt last week as investors, unsettled by the sharp decline in the dollar, launched a sell-off which Salomon Brothers called "the largest one-week price retreat in history.'

The dollar fell to a post-war low against the yen and to four-year lows against the D-Mark and sterling following the FED discount rate cut.

As Dr Henry Kaufman of Salomon Brothers notes, the events leading to the sell-off which saw prices at the long end plunge by almost six full points and the Treasury long which saw prices at the long end plunge by almost six full points and the Treasury long bond yield jump by 40 basis points in just four days-" cast doubt on the continued viability of the rally."

Nevertheless he, like other senior Wall Street economists, remains cautious about calling the turn. "It is not clear that the rally is finished." Dr Kaufman says. "That view would have to be confirmed by an im-"That view would proving outlook for economic

Mr Paul Volcker, chairman of the Federal Reserve Board, in-dicated in congressional testimony last week that he is in the bond markets last week concerned about the unwillingness of West Germany to join the co-ordinated move to lower decline. The reaction of the

US MONEY MAR	KET RA	ATES (9	6)		
	ijast Friday	1 week ago	4 wks	—12-d High	nonth— Low
Fed Funds (weekly average)	7.04	6.92	7.31	9,91	6.92
Three-month Treasury bills	6.15	5.87	6.34	7.88	5.78
Six-month Treasury bills	6.21	5.83	6.32	8.14	5.79
Three-month prime CDs	6.60	5.42	7.18	8.40	6.42
50-day Commercial Paper	8.55	6.38	7.25	8,20	6.38
90-day Commercial Paper	6.45	8. 2 5	7.05	8.25	6.25
US BOND PRICES	AND Y	TELDS ((%)		
		Change on week	Yleid	1 week	4 wks
Seven-year Treasury	9912	- 34	7.45	6.86	7.32

wasn't exactly a free fall, but it did seem to impact credit markets. . . Those potentialities always concern me."

There was little disagreement in the bond markets last week about the potential con-

interest rates. He suggested that both Japan and West Germany have "considerable growth potential."

Mr Volcker also voiced his concern that the dollar's decline apparant characters are apparant characters explain the quarter.

The re-funding is likely to comprise a package of three-year and 10-year notes together with \$7.5bm of \$0-year long bonds.

While the forthcoming apparant characters explain the concern that the dollar's decline apparant characters explain the concern that the dollar's decline apparant characters explain the concern that the dollar's decline apparant characters explain the comprise a package of three-year and 10-year notes together with \$7.5bm of \$0-year long bonds.

While the forthcoming apparant characters explain the comprise a package of three-year and 10-year notes together with \$7.5bm of \$0-year long bonds.

There were widespread re-ports last week that Japanese investors have become cautious credit mark about the US market, raising only ones.

10 days.
On Wednesday, the Treasury is due to announce details of its quarterly refunding, which will take place next week. Wall Street expects the package to total between \$24bn and \$26bn aimed at raising up to \$12.5bn in new money or about a third of the estimated total new money the Treasury needs to raise during the April-June

auctions and concern about possibly dwindling foreign de-mand are probably the main negative factors affecting the credit markets, they are not the

concern that a rally partly supported by foreign — and
especially Japanese — buying
was about to fizzle out.

Since foreign investors are

US investors are worried that
the latest Fed discount rate cut
could mark the end of the road.
For the Fed a plunging dollar
could tie its hands over

20 per cent of recent offerings other considerations would of the longer maturity govern- argue for further easing. A ment paper (10 years or more), clearer picture of the current the nervousness is understand- state of the US economy should able, and all the more so when emerge with the publication of emerge with the publication of the March leading economic inthe markets face the prospect the March leading economic in-of an unprecedented flood of dicators tomorrow and other new Treasury paper in the next statistics, including the April employment data, on Friday.

The final negative reading of the dollar's decline revolves around oil and inflation. The US credit markets fear that the sharply falling dollar could eventually lead to higher import prices and a revival of dormant inflationary pressures -particularly since most mar-ket economists now believe the decline in oil prices has all but

run its course.

If that is the case, two of the three key factors which have fuelled the recent bull rally tumbling crude oil prices and foreign investor confidence—could be in the process of

evaporating. The third factor, effective Congressional action on the Budget deficit, is now seriously in doubt again, at least in Wall Street. So far the US equity market has held up much better than the credit markets, suggesting either than the customary linkage between the two markets may have to be

Federal Reserve Monetary Target

the political tune. Last week, after the prime rate cut to 8.5 per cent, money market rates and bond yields soared. With substantial portions of the US farm, energy and property sectors still in crisis, a marketre-examined. Last week's bond market collapse was equivalent to a 100 point drop in the Dow an anguished early backlash.

Jones industrial average, which closed the week a relatively modest 483 points down.

In any event the markets industry. Last week the could-once again end up calling the political time. Last week ping a relatively modest 14. yields rose by 25-35 basis points; and the recent flood of new

Paul Taylor

UK GILTS

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London gets away with modest losses

lightly last week by comparison with its US cousin. Many stocks still ended with losses of 2½ points, and the FT Actuaries high coupon yield gave up 18 basis points and finished the week at 8.91 per cent. Yet these were modest losses in comparison with Wall Street's swings.

A mood of caution has, howevidence in earlier weeks. In part this shows the success of the Bank of England's efforts to put the money markets into a holding pattern before they start to think about the next cut in bank base rates. It makes a change to see one month inter bank rate above the current base rate, and three-month rates not already discounting the next half-point cut. There is also an increased willingness

so it is perhaps not surprising

in their calls for moderation in wage settlements. The Bank of March. While the reduction in England, of course, has repeated the oil trade surplus was this call in its quarterly bulletin expected and was broadly in this call in its quarterly bulletin for many a moon.

The cries have been heard, if only in the House of Commons. Indeed a Treasury and Civil Service committee. in its report on the 1986 Budget issued last interest rate policy.

It would be hard to disentangle rate target, which the com-mittee also believes Mr Lawson is pursuing. With UK inflation falling fast, and sterling now perceived less as a petro cur-rency, rising unit labour costs are one of the more obvious

March. While the reduction in line with the drop in oil prices, the deterioration of the non-oil

deficit was not.
"You should not read too much into one month's figures," comes the chorus from Whitehall officials. Yet the non-oil visible trade deficit in the first of adopting an undeclared unit quarter as a whole is 61 per labour cost target in setting its cent worse than in the previous three-month period and 6 per cent worse than in the same such a policy from the exchange period of 1985. Non-oil exports rate target, which the committee also believes Mr Lawson previous quarter, while imports were 5 per cent up.

While it is difficult to ascribe sterling's late fall on Friday solely to the effect of the trade news on the economic front.

The most consistently bad news around is the rate of growth of UK unit labour costs, so it is prepare the constant of the rate of the more obvious reasons why the UK still needs such a large interest rate growth of UK unit labour costs, so it is prepare the constant of the trade figures, they have done nothing to dispel the fears some analysts had already expressed about the current account.

One other reason reared its account to shift clearly into

that both the Chancellor and head on Friday, with the publi-the Employment Secretary have cation of exceedingly poor Stephen Lewis, chief economist in recent months become louder figures for the current account in their calls for moderation in of the balance of payments in "This will probably be a "This will probably be a bearish influence on UK financial markets, since there is no sign that the non-oil position will right itself in the foreseeable future. This points to a sustained wide differential of

UK interest rates over interest rates elsewhere if sterling is to remain stable." The decline in the value of sterling since the beginning of the year could have some beneficial effect in the coming months. but adverse cost trends may continue to dampen exports.

The implications of the UK's trade position are perhaps a longer term consideration. Yet in the short term they are unlikely to help the tap Treasury 8 per cent, 2009, under-subscribed at its tender last week. At the end of the week it was trading in partly-paid form at £241 — I below its minimum tender price.

George Graham

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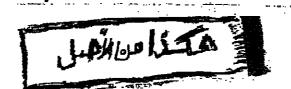
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Sweden 111, 89
Sweden 121, 89
Sweden Export 102, 88
Swedelish Export 111, 89 Yen Straights Is
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Cp Fn de Paris 13½ 83 ... 100
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Continental Grp 11½ 93 Swedian export 124 85 TOU
Talyo Koba 117, 90 ... 900
Talyo Koba 12 90 100
Tanasco Corp 1112 83 150
Texasco Capital 107, 90 200
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Tokyo Metrop 12% 95 100
Torny Inda 11% 92 ... 50
Tornoto-Dom 12% 89 ... 50
USS 12% 97 ... 100
Utd Tech 11% 92 ... 160
Vabs 8 83 ... 70 Continental Grp 11¹2 93 75 Creditanstalt 13¹3 81 ... 100 Creditanstalt 13³, 91 ... 100
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FLOATING BANK FLOATING BATE Amex 12% 91 ... 115's 104's 106's 108's 113's 107's 1108's



AND COMPANIES INTERNATIONAL CAPITAL MARKETS

American Motors cuts loss by \$10m

AMERICAN MOTORS (AMC), Japanese vehicles into the US. the US car company in which Most of the additional Japanese France's Renault has a 46 per imports had been subcompacts. cent stake, has reported sharply "As the competition in the reduced losses of \$18.9m or 20 subcompact market intensified, cents a share in its first quarter other companies substantially of 1986, against losses of \$29m raised prices on larger cars but cents a share) a year earlier.

Mr Joseph Cappy, AMC's new chief executive, said the loss reflected the soft sales it had been experiencing in the subbeen experiencing in the sub-compact segment of the passenger car market. "For some time now, the sub-compact market has been hurt by an increasing number of compet-tors fighting for a relatively tors fighting for a relatively softening in the first quarter." tors fighting for a relatively stable number of car buyers. Our Renault alliance has been going head to head with at least 21 other entrants in the subcompact arena," he said.

Mr Cappy said AMC's product development programme was on rack and when the company begins offering larger vehicles in 1987, "we will no longer be hamstrung by limited participation in the overall passenger car trictions were lifted on large and the company begins offering larger vehicles in 1987, "we will no longer be hamstrung by limited participation in the first quarter."

Mr Cappy said AMC's product development programme was on the subcompact arena, "he said in 1987, "we will no longer be hamstrung by limited participation in the first quarter."

Mr Cappy said AMC's product development programme was on the subcompact arena, "he said in 1987, "we will no longer be hamstrung by limited participation in the first quarter."

"As the competition in the subcompact market intensified.

were less aggressive in pricing in the subcompact segment," AMC said. "Also American Motors, like everyone else, had to continually offer costly special financing and other sales incentives, not only on its

Japanese imports last year, AMC's first quarter sales were resulting in a new influx of virtually unchanged at \$918m.

borrowing.

its charter.

Spanish telecom group to seek New York listing BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

TELEFONICA. Spain's rapidly funded to 70 per cent by the growing telecommunications company itself, leaving 15 per cent to be raised in the form of duced its shares to Japanese and equity and a similar amount by

European stock exchanges, is to seek a listing in New York. But its strong financial posi-tion and the evident appeal of its shares abroad — Telefonica is now the most actively traded Mr Luis Solana, its chairman, said in London at the weekend that the aim was to obtain a listing by the first quarter of next year. First, however, Tele-finica would be launching a US commercial paper programme of some \$250m to develop aware-ness of its name among US in-

The move was part of a drive to finance some \$7bn in new investments planned b ythe company over the next four years as Telefonica moves to moder-nise Spain's telecommunications industry. Some of this capital nise Spain's telecommunications industry. Some of this capital had to come from abroad because of the limited availability of savings in Spain itself, he said.

At the come time Telefanics in partnerships because in contrast

At the same time Telefonica is seeking to reduce its foreign debt. This has already fallen by \$400m to \$900m over the last six months and the hope is

deal to reduce debt

NORANDA, THE financially NORANDA, THE financially stretched Canadian resources and industrial group, will shave C3220m (US\$159m) from its debt by selling its preferred entitlement to profits from a gold mine at Hemio, western Ontario, in which it has a 50 per cent interest.

which it has a 50 per cent interest.

The unusual arrangement, with a group of banks led by Canadian Imperial Bank of Commerce, was disclosed as Noranda reported improved results in the three months to March 31. Last year's C\$9.9m loss, equal to 15 cents a share, was turned into a net profit of C\$21.4m or 8 cents a share. The latest quarter includes one-time gains of C\$25.6m from the sale of shares in associate companies, leaving operations at close to break-even point. Revenues rose fractionally to C\$875.4m.

The company forecast "at least." moderate profits in 1986, even with very little improvement in markets. During the first quarter, higher prices of aluminium, lumber and pulp, and a rising contribution from the new Hemlo gold mine offset depressed zine prices. Metals and minerals profits plunged from C\$19.4m to C\$7.4m, but

and minerals profits plunged from C\$19.4m to C\$7.4m, but arom: C312Am to C37Am, but earnings from forest products rose from C\$1.8m to C\$14.8m. Several Canadian mining analysts have recently advised clients to buy Noranda shares in expectation of a strong in expectation of a strong

recovery.

The sale of the entitlement to profits from the Hemlo mine enables Noranda to receive an immediate infusion of eash instead of waiting foreign share in Tokyo — mean that it can be very flexible in its financing.

It intends next month to launch a Pta 20bn convertible bond issue in Madrid, one-third of eash instead of waiting four to six years to recoupearnings from mine operations. Noranda received the entitlement from its two Hemlo partners in return for paying the capital costs of the paying the payin of which will be targeted to foreign investors. Foreigners already own 15 per cent of Telefonica's capital, well below the ceiling of 25 per cent set under mine's development and bringing the property to

production.

The sale of the entitlement has enabled Noranda to meet its target of reducing debt the total, before mid 1986. The company said that further measures are planned. The benefits of a lower debt burden were seen in the first quarter when, despite higher interest rates, financing charges fell from C559.4m to partnerships because in contrast to other EEC countries, there is debt. This has already fallen by \$400m to \$900m over the last six months and the hope is to reduce it further to between \$600m and \$700m.

Mr Solana, in London to sign a \$250m loan facility, said the investment programme would be latin Africa and in Spanish-speaking. little domestic industry in interest rates, financing charges fell from C359.4m to C357.2m.

Noranda | TWA warns of terrorist in gold mine factor as deficit grows

BY OUR NEW YORK STAFF

terday blamed terrorist attacks, its Cairo-Athens-Rome route, in among other factors, for a sig-mificantly, higher \$169.6m first attack earlier this month on quarter net loss and warned flight 840, because of reduced fear of terrorism may have a passenger traffic.

passenger traffic.

The latest loss amounted to real of the latest loss amounted to substantial adverse impact on The latest loss amounted to substantial adverse impact on S4.25 a share compared to \$2.43

TRANS WORLD AIRLINES. TWA has been forced to trim (TWA) the US air carrier, yes its European flights, including

Mobil issues 'poison pill'

MOBIL OIL, the second biggest WUBIL OIL, the second biggest US oil company, yesterday announced that it was maintaining its quarterly dividend of 55 cents a share and issuing its shareholders with a "poison pill" to protect the company against hostile takeover

The group said it was the 175th US company to issue shareholders with preferred share repurchase rights, often referred to as a poison pill. They will be excercisable only if a person or group acquires if a person or group acquires 20 per cent or more of Mobil's

The rights are "designed to ensure that all Mobil share holders receive fair and equal treatment in the event of any proposed takeover of the com-pany and to guard against partial tender offers and other abusive tactics to gain cotoro of Mobil without paying all shareholders a control pre-mium," the group said.

Mr Allen Murray, chief executive, said: "The oil industry is facing unprecedented major problems and the future is more difficult to predict than at any time during my 30 years in the business.

Profit at Capital Cities

BY WILLIAM HALL IN NEW YORK CAPITAL CITIES ABC, formed earlier this year after Capital Cities \$3.5bm takeover of the ABC broad-

revenues of \$912m in its first quar-

The group had given a warning earlier this month that it would

cause of sharply higher amortisa tion costs. The group's interest charges rose

casting group, earned \$1.9m on from \$6.3m to \$42.3m. Per share earnings were 12 cents before the extraordinary gain and \$17.48 after

Mr Thomas Murphy, the chair probably report a small loss in the man, said: The first quarter of 1986 quarter excluding an extraordinary was adversely affected by the relagain of \$280m on the sale of various tively weak demand for network ad-television and radio stations. Although its revenues nearly quadru-pled, operating income rose by 3 per cent to \$56.8m primarily be-

De La Rue buys Hastech

ic printing equipment company, has been at the forefront of developments in electronic newsics, the printing equipment subsidiary of De La Rue, the diversified It is responsible for the British security printer.

The price of the deal has not been

to be less than £7m (\$10.5m). It was the second acquisition in the space of a week by Crosfield. Last Mon-day it announced an agreed deal for Muirhead Data Communications. Hastech, originally Hendrix Elec-

HASTECH, the private US electron- tronics, was founded in 1969 and

It is responsible for the page lay out system used at Today, Mr Eddie Shah's new British national newsreleased, although it is understood paper. It has also won high profil orders at Die Presse in Austria an at the Liverpool Post and Echo. Mr Mike Leigh, the director of Hastech international operations said the company had been under capitalised for too long.

	Amount		Av. life years	Соприл	Price	Book Runner	Offer yield
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, DOLLARS				31/4	100	Nomera lut.	3.250
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wa Densetsu Kaisha 5‡	15 30	1991 2001	15	51/4	100	Paine Webber Inc.	5.750
Cal box. \$‡	38	2001	15	71/2	198	Hit Samuel	7.500
nges Exploration 5‡	35	1991	-	31/2	100	Danva Europe	3.12 5 3.375
ken Kogyo ¶‡ pe Staat ¶‡	103	1991	5	334	168	Yemnicki Int. (Eur)	7.500
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 $New \, Zeal and \,\$75,000,000$

Coca Cola Financial Corporation

17% Notes due August 1990

MORGAN GUARANTY LTD

AMRO INTERNATIONAL LIMITED

BANQUE BRUXELLES LAMBERT S.A.

HAMBROS BANK LIMITED

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK Swiss Bank Corporation International Limited

ALGEMENE BANK NEDERLAND N.V.

BANK MEES & HOPE NV

BANQUE PARIBAS CAPITAL MARKETS

BERLINER HANDELS- UND FRANKFURTER BANK

COUNTY BANK LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

GENERALE BANK GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN GENOSSENSCHAFTLICHE ZENTRALBANK AG KREDIETBANK INTERNATIONAL GROUP

LLOYDS MERCHANT BANK LIMITED

MERRILL LYNCH CAPITAL MARKETS

WESTDEUTSCHE LANDESBANK GIROZENTRALE



Italian Lire 50,000,000,000

United Technologies Corporation

13½% Notes Due November 21, 1990

BANCA COMMERCIALE ITALIANA

MORGAN GUARANTY LTD

ALGEMENE BANK NEDERLAND N.V.

Banca Nazionale del Lavoro

BANCO DI ROMA

BANQUE BRUXELLES LAMBERT S.A.

BANQUE NATIONALE DE PARIS

CHASE MANHATTAN CAPITAL MARKETS GROUP COMMERZBANK AKTIENGESELLSCHAFT

CITICORP INVESTMENT BANK LIMITED CRÉDIT LYONNAIS

CREDITANSTALT-RANKVEREIN

CREDITO ITALIANO

DAIWA EUROPE LIMITED

DRESDNER BANK AKTIENGESELLSCHAFT

CENERALE BANK

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ISTITUTO BANCARIO SAN PAOLO DI TORINO

GOLDMAN SACHS INTERNATIONAL CORP. LLOYDS MERCHANT BANK LIMITED

MERRILL LYNCH CAPITAL MARKETS

SALOMON BROTHERS INTERNATIONAL LIMITED

Swiss Bank Corporation International Limited.

Union Bank of Switzerland (Securities) Limited

21st November, 1955

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Tip Top Drugstores floats off 3.2m shares

BY LUCY KELLAWAY

east of England and Scotland, is added to the group. joining the stock market valued at £18.6m. I; will join Superdrug and Share Drug, two of the three big national drugstore chains, which have been store chains, which have been floated in the last three years.

Tip Top has 80 stores

Tip Top has 80 stores

Tip Top has 80 stores

Turnover has risen in each of the five years to May 1985 joining the stock market valued Tip Top has 80 stores occupying 181,000 square feet which sell toiletries and household goods at discount prices.

Turnover has risen in each of the five years to May 1985 to reach £27m, while profit before tax, which was £516,000 hold goods at discount prices. Mr Fred Brown, the present chairman, in 1967 when the first

The company was founded by store was opened in York. Fifteen years later Tip Top, then a chain of 36 stores, took over its major rival Discount for Beauty, which had 37 out-lets and which was making heavy losses. The smaller Discount for Beauty stores were sold, and the rest have been

In the past two years Conran Design has redesigned the Tip Design has redesigned the Tip
Top image, and 25 of the stores
have been upgraded. A further
list opens on May 1 and
dealings start on May 9.

Bestwood bid

takeover bid for the Country Gentleman's Association, in competition with an agreed offer from Fredericks Place

Group, has extended its bid to May 9. Acceptances for its offer

were little changed at 33.1 per

cent by Friday, the latest

Dee Corporation, the Gateway and Carrefour supermarkets

International stores to Heron Property Corporation for an

undisclosed sum. The sites were

surplus to requirements, Dee

Dee and Heron have also

agreed to co-operate on the

siting of future Dee stores in Heron developments over the

Martin Ford, the ladieswear retailer, which announced in February that it had received

several bid approaches, said on Friday that it was still evalu-

ating a number of proposals from persons interested in

making an offer for the com-

next two to three years.

Martin Ford

is selling 16 former

Dee Corporation

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Tip Top Drugstores, the new systems and a broad tier @ comment largest drugstore in the north of senior management has been It should not be necessary

About 65 potential sites for

in 1981, was hit hard in the following two years by the losses of Discount for Beauty. In 1985 Tip Top made £776,000 pre-tax, and is forecasting profits for the current year of £1.25m on sales of £29m.

Kleinwort Benson is offering half of which is being sold by the company to raise £2m after expenses. This will be used to turned around and well fund future expansion. about 6 points behind those of absorbed into the Tip Top

The shares are being sold on its rivals, the fund manager's a prospective price earnings multiple of 21.5, with a fore-

cast yield of 1.8 per cent.

£50,935 against £115,837 have

been announced by Southend Stadium for 1985. After more

than 50 years as an entertain-

ment complex the stadium

closed in December, and the

company completed its conversion into a property company.

The stadium has been demo-

lished and planning permission granted for redevelopment of

he 9.45 acre site. Expenditure

relating to the changes, includ-

ing redundancy payments, is

shown as an extraordinary debit

its pre-tax profits by 39 per cent from £739,000 to £1.03m in

1985, despite a doubtful debts provision of £143,000. The doubtful debts were associated with the level of reimbursement

by Medicaid in the US, which has caused an indeterminable

Costs associated with an in-

slow-down in payments.

managed company intent on operating with maxium effici-

ency in an expanding market. With Conran's help it has pro-

duced a nice clean design for the stores, although it has been

rather slower than its competi-tors in getting the profitable home brands moving. However,

this now forms a major part of

group strategy, and harnessed

should ensure robust profit growth over the next few years

while the premium p/e is still

enthusiasm for the sector may be getting a bit out of hand,

One cannot help wondering what will happen to margins

in the glittering future in which there are two drug stores

mending an increased 0.56p

(£32,990). Stated earnings per 5p share fell to 0.45p (1.28p).

The directors say that the recently acquired Cheltenham

and Gravesend portfolio has

already proved successful, with

the sale of two of the Cheltenham units realising a substan-tial profit. They are actively seeking other sites for development.

Turnover for the year fell

£378,467 (£360,422). There were

coupled with the reductions in

the US, will have an adverse

effect on the first half of 1986.

A final dividend of 1p net will be paid, making a total of 1.5p for this USM-quoted company. Earnings per 5p share were 8.26p (6.83p). Group turnover rose from £.6.75m to

(0.55p) single final dividend which will absorb £33.694

on every High Street.

Southend Stadium lower

LOWER PRE-TAX profits of pects the directors are recom-

of £35,850, resulting in a £8,104 from £517,582 to £462,267, and

loss for the year (£67,435 cost of sales was higher at profit).

Because of their confidence also administrative expenses of the company's future pros- £217,943 (£162,249).

Huntleigh Technology increased expenses of introducing new

creased level of product £8.55m, an increase of 27 per developments, the associated cent.

This advertisement appears as a matter of record only

EUROPEAN INVESTMENT BANK

Luxemboura

Huntleigh rises 39%

but final payout lifted

rapid physical expansion,

ANTLER, the luggage and these days to explain to a fund

ing the USM through an offer for sale of 3.5m shares at 130p. The offer values the company at £7.6m, Harris and Sheldon, the private holding company which owns Antier, will be the main beneficiary of the share sale. Of the 3.5m shares

Antler's equity. Of the £2.1m net gained from the new share sale almost all will be going to

The main customers of Antier are Marks and Spencer

Argos and Selfridges.
Antler's pre-tax profits have risen from £195,000 in 1981 to £733,000 in 1985, on sales up from £6.53m to £9.55m. Earnings per share have risen to 7.1p (2.9p). For 1986 the company intends to pay only one dividend at the year end which is expected to be 2p.

comment

Antler proceeds to pay up debt By Terry Povey

travel goods company, is join-ing the USM through an offer

on offer, 1.63m will be soil by the parent and 1.87m will be new shares. After the offer Harris and Sheldon will hold just over 40 per cent of

Harris in repayment of exist-ing inter-company debts and in payment for properties occupied by Antler.

(15 per cent of turnover). House of Fraser—including Harrods—John Lewis stores,

There can be little doubt that Rowe & Pitman is bring-

ing a quality product to the market although many would be more sympathetic to the issue if some of the money being raised was staying within the business. However, Antier generates some £im cash each year and that should be enough for the immediate demands of a business in which the capital requirements are modest. Anyway some 25 per ceut turnover expansion would be possible with the existing plant. Pricing the offer has clearly proved a bit of a stab in the dark given the lack of ready comparisons. At 18 times historic earnings, the offer price does not leave much room for a sizeable premium once trading begins. But with £900,000 or so likely for 1986, the prospec-tive multiple looks like 13— a point below the market. This should leave some room year outlook. Another factor in the market's perception could be that now Harris & Sheldon has partially let loo the reins on Antier, specialist merchandisers will show some

interest. But these are early days; not one for the stars.

April 25, 1986

Combined Lease offered at 125p

BY RICHARD TOMKINS

equipment leasing company which specialises in computers, prestige cars and industrial plant, today publishes the pros-pectus for its offer for sale, which value the company at

Pre-tax profits have risen from £30,000 in 1981—the year after the company's foundation—to £1.4m last year.

At the offer price of 125p, the

historic p/e ratio is 11.2, so putting the company at a small premium to computer leasing companies such as Atlantic Computers and United Leasing. However, CLF stresses that unlike these companies it recovers the cost of equipment, overheads and profits through rental payments alone and not through realising any residual

value in the equipment. CFL grew up in a period when larger lessors with sub-stantial taxable profits were able to take advantage of first year allowances and so offer reduced costs to lessees unable to maximise these benefits themselves.

CFL itself never had enough taxable profits to take full advantage of these tax benefits and relied for its growth on producing non-tax-based finance leases, particularly "sales aid" plans designed to make it easier to close deals quickly.

The 1984 Budget, which announced the withdrawal of

first-year allowances from the beginning of this month, is thought likely to reduce the when CFL is seen to be deliver-total level of leasing business ing the goods, the rating could done, but CFL believes that the look markedly different.

Combined Lease Finance, the reduction in the larger lessor's tax-based advantage will enable it to increase its market share. it to increase its market share.

The company also believes that the market for non taxbased leasing will grow, citing experience in Western Europe and Japan to support its view.

Some 5.17m CLF shares are being offered, of which 4.03m will be issued by the company to raise £4.5m net. CFL says the increased capital base will

the increased capital base will support the funds needed to finance its expansion.

comment

The City's view of leasing com-panies has long been reflected in the miserly ratings it awards them, but Combined Lease Finance deserves better. Its re-fusal to take residuals through the Profit and Loss account effectively turns it into a straightforward instalment credit business and on that basis

it is in a different league. In the past the company has made rapid progress in an environ-ment which favoured its com-petitors, and a future which removes their advantage is likely to see more of the same. Business in the first quarter was up by 25 per cent, but that was before CFL's competitive vantage was removed so £2.4m could be in sight for the year. The prospective multiple of 10 is low, but CLF's advisers are well aware of the City's view of lessors and there is unlikely to be great excitement over the offer: but a year from now,

Woolworth expresses anger over claims by Dixons Mr Stanley Kalms' chairman

ponded angrily last night to claims made by Dixons over the weekend that Woolworth was pulling out of the High Street,

and letting the retail revolution pass it by.

Mr Geoff Mulcahy, Woolworth's chief executive said yesterday that in the last three and a half years Woolworth had added about 2m square feet of selling space and 7,000 new

of Dixons, which is due to produce its formal offer document for Woolworth today, is unable "to comprehend the scale, complexity and diversity of the Woolworth Group opera-tion," Mr Mulcahy said. "While Mr Kalms claims to

understand retailing he has totally missed the out-of-town opportunity, despite the fact that it is the most significant retail trend of the last decade."

Anglo-African at £1.8m

ports pre-tax income of £1.84m shareholders, under which a for 1985 against £8.32m for the new holding company, Hunts, months to end 1984. In which will be a subsidiary of accounting period, the figures of the scheme is successful, are not directly comparable, Hunts will propose a rights directors state, due to the issue, and in order to take up marked deterioration in the its rights in Hunts AAF will propose a rights of the propose a right of the propose a propos

rand/pound exchange rate. ne company is a company for subsidiaries involved in the distribution of motor vehicles, industrial tools and equipment, and the manuand equipment, and the manufacture and distribution of tyres and other industrial rubber products, and stationery in South Africa. Its turnover losses of £105,000 (£50,000). The reorganisation of the structure of the South African rubbers.

group of companies is being implemented. A scheme of arrangement is being proposed

Allied In

Allied Ly

propose a one-for-two rights Tax took £1.03m (£4.99m), and the share of after-tax results of related companies' debits was £2,000 (£581,000).

There was an extra-ordinary credit of £319,000 (debit £604,000).

McKechnie urges rejection

McKechnie Brothers, the Midlands metals and plastics group, has started its defence against an unwelcome bid worth £161m from Evered Holdings, the acquisitive engineering com-pany, with a strongly-worded letter to shareholders urging them to reject the offer. Mr Jim Butler, McKechnie's

chairman, states in the letter

that there is no industrial logic to the bid, that its value "represents a paltry premium" over the share price before the bid was launched. Further-more he argues that "Evered's share price is dangerously dependent on a programme of opportunistic and apparently random acquisitions of chronirandom acquisitions of chroni-cally weak companies."

SHARE STAKES

Liam.—Ine following directors have disposed of shares: Mr J. E. Flatau 500,000; Mr H. R. Lindemann 300,000; Mr H. E. Woolf 350,000, and Mr M. F. Drake 3,500 shares. These share disposals amount to 2,36 per cent. Telfos. — Director Mr J. Telfos. — Director Mr J. Malins purchased 100,00 shares (0.83 per cent).

CHANGES in company share stakes announced over the past week include:

Etam.—The following directing total holding to 380,000

Davies and Newman.—Mr R. F. Tindall acquired 194,130 ordinary shares, increasing his beneficial holding to 565,272 shares (8 per cent).

GRA Group—Mr C. H. Chandler, a director, disposed of 7,000 shares, reducing his holding to 50,000 shares.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interings of finals and the subdivisions shown below are based

Hotels, Plasmer, Rock, Viking ces Trust Wedkin. Ward Wingate Property Investments. FUTURE DATE

Interime: Lowland Investment, amuel Properties, TMD. Finals: Allebone, Edinburgh Oil and

CITICORPO

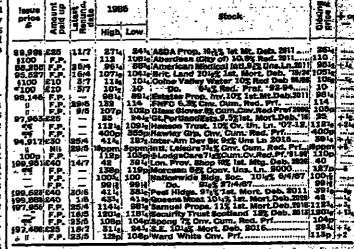
U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035

Notice is hereby given that the rate of Interest has been fixed at 7.1% in respect of the Original Notes and 7.1875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date May 28, 1986 against Coupon No. 6 in respect of US\$10,000 nominal of the Notes will be US\$59.17 in respect of the Original Notes and US\$59.90 in respect of the Enhancement Notes.

April 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

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FIXED INTEREST STOCKS



RIGHTS OFFERS

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based on treet amost estings. It foreast or res, cover based on previous year's earnings. In holders of ordinary shares as a "rights." If intro-captalisation. SPlacing price. Si Reintroduced. reorganisation marger or biscover. M Allotment market. If Deat in under Rule 535 (3). 9 Deat

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not

	notined. Dividends to be decising
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Subordinated Floating Rate Notes.

Dite October 25, 2005
Notice is hereby given that the rate of Interest has been fixed at 7.1% and that the interest payable on the relevant Interest Payment Date May 28, 1986 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$59.17.

April 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

Commerzbank

Algemene Bank

Bayerische Vereinsbank

Nederland N.V.

DM 150.000.000 51/2% Bearer Bonds of 1986/1998

- Stock-Index-No. 477901 -Offering Price: 99%

Dresdner Bank Aktiengesellschaft

Deutsche Bank

Banque Bruxelles

Lambert S.A. Crédit Commercial

de France

S.G. Warburg & Co. Ltd.

Lloyds Merchant Bank Banca Commerciale Italiana

Banco de Vízcaya, S.A. Banque Internationale à Luxembourg S.A. Rabobank Nederland

Privatbanken A/S

FINANCIAL TIMES STOCK INDICES

:	April 25	April 24	April 23	April 22	Aprıl 21	April 18	High		Since Co	mpilation Low
Government Scos.	93,24	93.32	98.11	94,23	94.23	94.51	94.51	80,39	127.4	49.18
Fixed Interest	96,77	95,90	96.94	97.51	97,35	97.40	97.51	86.55	150,4	50.53
Ordinary	1357.9	1348.0	1362,0	1389.8	1394.5	1403,1	1425,9	1094.3	1425,9	49.4
Gold Mines	257.2	264.8	273.3	267,5	271,0	t271,7	357,0	257.2	734,7	43.5
FT-Act All.Share	797,32	794.72	803,64	816,39	817.57	820.94	832,39	664,42	833,39	61,92
									1717.6	

LADBROKE INDEX 1,355-1,361 (+9) Based on FT Index Tel: 01-427 4411 From Monday 28/4/86 Trading hours will be 9.05 am-9.0 pm

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INTL. APPOINTMENTS

Michelin elects new managing partner

BY PAUL BETTS IN PARIS

will join Mr Francois Michelin and his cousin Mr and his cousin Mr Francois Rollier at the top of the secretive French company.

The appointment of Mr René Zingraff as the company's third managing partner is regarded as a significant new step in the development and evolution of the French tyre group.

operations of Michelin, which owns five plants there.

Mr Zingraff is also well known inside the company where he spent about 3 years in charge of the development and training of up-coming managers. He is aged 49, A chemist by training, he joined the company in 1963. Mr Michelin is now turning 60 while Mr Rollier is in his late while Mr Rollier is in his late

MICHELIN, the French tyre experience with Michelin, have the Michelin structure, the comgroup which is the world's ing worked both in the UK and pany is headed by so-called second largest tyre maker after more recently in the US, where Goodyear of the US, has named he has headed the industrial managing partners who are a new managing partners who are deemed to hold the same powers and share the same lia-bilities.

The appointment younger partner with wideyounger partner with wide-spread international experience appears to be part of the pro-cess of management renewal and evolution at the top of France's second largest private company after the Peugeot car group. It also concides with Michelin's return to profit after several years of heavy losses Mr Zingraff is not a member sixtles.

Mr Zingraff is not a member of the Michelin family and is younger than both Mr Michelin and Mr Rollier. He has also powers and responsibilities as had widespread international the two other partners. Under of FFr 1bn (\$136m) in 1985.

Borg-Warner head Dealer team resigns BORG-WARNER Corporation.

next year.

at Drexel By Clare Pearson

DREXEL BURNHAM Lambert Securities' five-strong team of floating rate note traders resigned on Friday. They are expected to join one of the large Japanese securities

Mr Bob Mulligan, a director of Drexel, the New York invest-ment house, says their depar-ture was "not unexpected" in the light of recent policy disagreements. The team, Paul disagreements. The team, Paul Bradshaw, Paul Rosier, Annette Russell. Gary McElroy, and Mike Smith, all in their twenties, arrived as a group from a variety of houses last year to build up a floating rate note. trading business at Drexel.

Their loss leaves Drexel without a trading presence in this area, though the gap is one which the company is set on filling.

Merck chairman

MERCK & CO, the New Jersey manufacturer of ethical drugs, has announced that Mr P. Roy Vagelos, its president and chief executive, has been appointed to the added post of chairman, reports Reuter from Rahway. He succeeds Mr John L. Huck, who had previously announced his retirement.

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FT CROSSWORD PUZZLE No 6,008 PROTEUS

Minister House, Arthur Street, London EC4R 9AX.

the diversified industrial concern with products ranging from transport equipment to chemi-cals and into other fields, has elected Mr Clarence E. "Red"

Johnson chief executive.

Mr James F. Beré remains chairman, while Mr Johnson is to continue as president and chief operating officer, posts he took up in January, 1984. The move is described by Mr Beré as "another step" in an orderly succession plan. Mr Beré is to continue as chairman until his retirement in August

BIOGEN, the international biotechnology group, has appointed
Mr Brooks Boveroux chief financial officer.
Mr Boveroux joins Biogen
Allied Signal Corporation, the
aerospace to chemicals to energy
concern, where he was vice
president of the Allied Health
and Scientific Products subsidiary. sidiary.

HEALTHAMERICA Corporation, the operator of health maintenance concerns, has announced the resignation of Mr W. Gerald Newmin, its president and chief operating officer. Mr Newmin is to pursue other opportunities. Mr Philip N. Bredeson, the company's founder, chairman and chief executive, is to assume primary operational func-

MR HENRY E. SINGLETON, chairman and chief executive

of Teledyne, the Los Angeles-based diversified industrial concern, has proposed that the title of chief executive be transferred to Mr George

Roberts, currently president and a director.

Mr Singleton, 69, who will remain chairman, says the change does not necessarily mean substantial change in the company's operations.

* TEXAS AMERICAN Bancsbares, the Fort Worth-based banking group, has elected Mr Joseph M. Grant chairman. Mr Grant is vice chairman of the holding company and chairman and chief executive of the Texas American Bank-Fort Worth sub-

He succeeds Mr Lewis H. Bond, who has stepped down ahead of reaching the retirement age of 65 on July 31. Mr Grant is to remain in his Fort Worth post, and Mr Bond is to remain chairman of the executive committees of the parent and of the Fort Worth subsidiary.

OLIN CORPORATION, the diversified Connecticut company with interests including chemicals, metals, paper and ammunition, has elected Mr W. Johnstone, Jr, its president, to the additional post of chief

Hambrecht chief quits

By Louise Kehoe in San Francisco

TAMBRECHT AND QUIST, the resigned as president and chief executive, and the co-founder and chairman, Mr William R. Hambrecht, is re-assuming these

for his sudden decision, but apparently he has no immediate business plans.

In the high-technology boom of 1982-83, the names Hambrecht and Quist came to mean "pay-dirt" to Silicon Valley entrepreneurs. H & Q took them

The San Francisco investment

ACROSS

- 1 Deal with the French work-4 Plant responsible for skin blemishes on society girl's back (8)
- 9 Managing to find cover (6)
 19 Broadcasts about help in
 rates case (8)
 11 Railwaymen getting outside
- support for occupation (6)
 12 Prevent boy attendant going
- on strike (8)
 12 Note sounded by animal (3)
 14 Cloth leading manufacturers
 love to show (6)
 17 They are in charge of important articles (7)
 21 Suare for troubled parent
- 25 Hard to place (3)
- 26 He keeps going over watch

28 Increases in gold to FBI

- agents way back (8) 29 A lieutenant bearing one star? (6) 20 Means to declare how old people are (8) 31 Outsize figure downing first
- port (6) DOWN 1 Man bringing animal and

- duck to doctor for sacrifice
- 2 North-eastern writer with article on drug-yielding plant (8) 3 Bird having to come down on fence (8)
- on tence (8)

 5 Pick up trace and point to game (8)

 6 Is niggardly with politician about sports equipment (6)

 7 Renegade with brown cane
- 8 Provider of clean clothes for lady in armed conflict (6) 12 He may fight to be private perhaps (7) 15 Traveller in corded cloth (3) 16 One about to show auger (3)
- 18 Commonly purloins jointed bits (8) 19 Geometrical line an editor
- strives for (8) (8)
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 - rising to culmination (6)
 24 Chain wound round tea-can
 - 25 Make clear to beach (6) The solution to last Saturday's prize puzzle will be published with names of

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operating officer.

The post is a newly created one, and covers duties formerly shared by Mr John Henske, the chairman and chief executive officer, Mr Richards R. Berry. executive vice president, and

San Francisco investment bank-ing group, lost its president last week Mr Thomas Volpe has

Mr Volpe, aged 35, who joined Hambrecht and Quist in 1981, and has been president of the concern for slightly more than a year, has offered no reasons for his sudden decision, but

public, grossing millions for the individuals who started the businesses and even more for the venture capitalists who funded them.

The San Francisco investment bank rose to prominence as a venture capital backer and underwriter of high technology companies. But when the boom burst H & Q lost ground. Many of H & Q's respected analysts, as well as the managers of its venture capital funds, have resigned over the past three

years. Mr Volpe presided over a period of cutbacks when the group reduced its staff and re-located its select New York offices in cost-cutting measures.

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APPOINTMENTS

Johnson Matthey restructures

JOHNSON MATTHEY has re-organised its operating structure has been appointed chairman of the group's plas-into four new divisions and managing direc-thanker Siddley Dynamics chairman of the group's plas-tics and domestic engineering to the property of the group's plas-tics and domestic engineering to the property of the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plas-tics and domestic engineering to the group's plasthe following appointments: In the catalytic systems division Mr W. J. Quindlen is appointed president The general manager (North America) is Mr R. E. Arnold: the general manager autocatalyst (Europe), Mr P. G. Emmel; the general manager equipment (Europe), Mr W. J. Luesley; and the general manager (Australia), Mr D. O'Hagan. In the materials technology division Mr B. S. Cooper is appointed division director; Mr J. W. E. Penningion, managing director (Europe);
Mr E. J. Grosso. executive vice
president (North America: Mr
M. Brown, managing director
(Pacific); Mr K. E. Davies, managing director (South Africa);
and Mr D. G. Titcombe, projects
director. The precious metals director. The precious metals division has Mr D. V. Viollet as director, platinum marketing and Mr G. C. Fisher director, precious metals remning. Mr D. M. Lloyd is appointed division director and Mr R. Gooch operations of the property of the property of the plant of the plant of the property of the plant of the pla tions director within the colours and printing division. Mr M. B. Stringfellow, president. John-son Matthey Inc., will direct worldwide business development in electronics and in biomedical

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has been made managing direc-tor of Westinghouse Signals. Mr Hugh Hayes has been appointed managing director of Oldham Batteries and Mr Jim Whiteside has become finance director.

Mr W. R. Pelham has been appointed a director of LLOYD THOMPSON from May I.

Mr Vlad Stanic has been appointed to the newly created position of director of personnel at SPICER AND PEGLER.

STORM DOORS has appointed Mr Christopher J. Dixon to sales and marketing director. He was sales and marketing manager,

Mr David Money-Coults has Mr David Money-Coutts has been appointed chairman of NATIONAL WESTMINSTER BANK'S south-east regional board, succeeding Mr Peter Coleclough, who retures from of the BTR gro both the main and regional boards on April 29. Mr Money-Courts, who has served on the regional board since 1969, is a director of the bank and chairman of Courts and Company.

**

Mr Ian R. W. director of Ha acquired subsider furniture, has the main board the main board.

Mr Gahan has recently acted as chairman of the group's plastics and domestic engineering frey Simmonds who is a major companies. Mr W. S. Jordan remains group chairman with particular responsibilities for some 12 months, has a particular responsibilities for manching. companies. Mr W. S. Jordan remains group chairman with particular responsibilities for overall group strategy and de-

YALE MATERIALS HANDLING has appointed Mr Graham B. Rose as sales and marketing director. He was general sales manager — UK construction equipment at J. I. Case group.

The CHELSEA BUILDING SOCIETY has appointed Mr Maurice G. Hart to its board.

Mr John Elliott, former group training manager with Philips Electronics UK, has become director of the INSTITUTE OF MANPOWER STUDIES.

Mr Terry King has been appointed director and general manager of CIMEX, a member of the BTR group. He was sales Mr Ian R. Walker, managing

director of Hampsons recently acquired subsidiary. Ian Walker Furmture, has been appointed to

Mr Michael J. Gordon has resumed his chairmanship of TAYLOR WOODROW MANAGE-MENT AND ENGINEERING, the group's process plant contracting arm. He has been seconded to the Channel Tunnel Group as managing director and Group as managing director and

Mr Timothy Retallack and Mr Gordon Shaw will retire from FRESHFIELDS on April 30. Mr Guy Morton, Mr Barry O'Brien, Mr Vincent Clempson, Mr Edward Evans, Mr Graham Preptice and Mr Ian Terry will jout the partnership on May 1.

chief executive.

After an absence of nearly two years, YAMAICHI INTERNA-TIONAL (EUROPE) has reappointed Mr Minoru Harada as managing director to assist Mr Hitoshi Ishihara, managing director and chief aventities tor and chief executive.

TRANSGLOBE UNDERWRITproducts.

Mr Geofrey D. Gahan has been appointments

A populated chief executive of appointments have been made by HAWKER since May 1884, when he sold his resigned as non-executive appointments formally by HAWKER company Chrisfield to Peerless, chairman of BIRMINGHAM

TRANSGLOBE UNDERWRITING MANAGEMENT (GUERNSEY), part of the English & American Insurance Group has appointed Mr Martin C. Beicher and Mr Michael E. J. Perrett as directors.

CONSTRUCTION CONTRACTS

Gateshead shopping centre

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

RUSH AND TOMPKINS is in line for contracts worth £190m for building shopping and business centres for Typeside entrepreneur Cameron Hall Developments.

The contractor is now completing a £70m design and construct contract to build Cameron Hall's first major shopping centre, the Gateshead Metrocentre, near Newcastle on Tyneside. Newcastle on Tyneside, which will open for trading

Mr John Hall, chairman and managing director of Cameron Hall, is now planning three more Metra-centres in Exeter, the Midlands and Scotland, and plans to let the building contracts for these, which will be worth around £50m each, to Rush and Tompkins. Mr Hall is also planning to

let the £40m contract for building the final phase of the Metrocentre—a business park, hotel and office complex next to the shopping centre—to Rush and Tompkins, "We've gone through the learning curve of building the Metrocentre together, and I'm too old to train another builder," be said.

The Gateshead Metrocentre is the largest indoor shopping and leisure complex in Europe. The 110,000 sq ft Carrefour Hypermarket and 30 smaller shops opening on Tuesday will be followed by a 150,000 sq ft Marks and Spencer and further smaller shops. When completed in 1987,

the Metrocentre will also in-clude an undercover funfair, 10-screen cinema and antiques market, giving a 1.8m

El6m. Galliford and Sons, APW

Construction, Kottler and Heron

and Stamford have won over 60

contracts, the largest individual contract is for the Marston More-taine by-pass at £2.2m for Bedfordshire County Council awarded to Kottler and Heron at

Northampton: Galliford and Sons has obtained a contract with Milton Keynes Development Cor-

poration for the B2.4 infrastruc-ture contract for £663,000 and

the Mansfield to Rainworth Mineral Railway land reclama-

tion for Nottinghamshire County Council priced at £774,770. Stamford Construction, operating in the Eastern Counties, has won

over £1m worth of orders, the

sq ft version of what Mr Hall describes as a "combination of market square, souk, bazaar and street scene, without the weather and which will extend a shopping trip from one or two hours to six hours and a day out for all the family."

The Metrocentre has 100 metre long glass-roofed malls connecting the shops, euclos-ing trees, tropical plants, fountains and waterfalls. "It's the prototype of new shopping developments for the next 10 or 15 years," said Mr Hall. It will eater for an area where most of the people in work are earning a lot of of money and where there is a tradition of free spending,

the explained.

The Metrocentre—which will involve an investment of £150m including fitting out by the tenants and will create an estimated 6,000 new time-has been built on a 100 acre derelict site which was the ash tip for the disused Dunston power disused station,

Draining the site and preparing the ground for build-ing cost the developer £8m. But the main problem, said Mr Hall, was getting the centre built fast enough. He estimates that the first phase of the centre is onening between a year and 18 months earlier than would have been possible using more conventional methods than the "Flexitrack" building contract evolved by Rush and Tompkins and Cameron

And with a rent roll of flom a year that is a con-

Water. Oundle division for the reconditioning of water mains in

Northampton Area 2 worth film.

won contracts across the Mid-lands, the most significant being

Wincott Galliford's award for the

construction of an inner city sports complex for the Coventry

and Warwickshire Awards Trust worth £780,000. They have also

obtained a contract for a leisure centre for Northampton Borough

Council working for Conder Pro-jects Midlands (£604,65±). APW nitrogen for Mobil of Construction at Worcester also Statfjord "A" platform;

The building companies have

Mixed batch for Galliford Group

GALLIFORD GROUP com-panies have won contracts worth 16m. Galliford and Sons, APW Construction, Kottler and Heron and Stamford have won over 60 contracts, the largest individual Contracts, the largest individual Contracts in the Marston Mars.

siderable saving," he said. Mr Rob Nickalls, Northern divisional chairman of Rush and Tompkins, describes
"Flexitrack" as "a quite
different philosophy to Bormal management contract-

ing.
It is a fast manage, design and build contract where we started work when nothing but the perimeter of the buildings were designed so we could begin piling. We worked to a price based on a few known elements and price packages for each stage to be completed before the final contract price was known," he tract price was known," he said.

As a result, work was in As a result, work was in progress long before the companies, who would eventually take the shops, had decided upon the final shape they wanted to take. This meant that the design could accommodate their specific requirements It also meant that Rush and

Tompkins started work in November 1984 on a project where the final contract was not signed until September 1985—by which time the com-pany had already carried out work worth more than £20m. "It would have given a more conventional contractor a heart attack," said Mr Hall. "But it meant tha, we could put together the scheme by Michaelangelo sketches where other contractors would have demanded detailed drawings before they could start."
Rush and Tompkins now has
a workload worth £75m a year

in its northern region, up from £12m a year five years

tracts, the largest being the con-

(£395,000) two factory units in Telford totalling £364,000 and in

Nuneaton two separate contracts for Christian Salvesen at

£397,000.

The Chorley Group has received orders amounting to £1.75m including £600,000 of

pineline testing and commissioning for Shell South Eastern in the Indefatigueable Field, \$500,000 for pipeline drying-contracts for Hyundai Ell project, off-shore East Midlands, and £250,000 for 16 individual 18 instances

Committed to Construction

Shand Ltd. Shand House Mallock Derbyshire DE4 3AF Tel: (0629) 734441

Yorkshire road works

ALFRED McALPINE has been awarded a contract worth F14.25m by the Department of Transport for roadworks in Stocksbridge, South Yorkshire. The contract involves the construction of 11.4km of single carriageway, 7.2km of side and slip roads, and 11 bridges (including one over the M1 and one over the River Don), to form a link from the A616 to the west of Stocksbridge through to the M1. It will entail the excavation of approximately one million cu metres of material, at least half of which is rock, and the treatment of old coal mine the treatment of old coal mine shafts and workings. The twoyear contract commenced on April 14.

Joint venture wins orders

Chorley Engineering's joint venture arrangement with Rosen Engineering of West Germany has procured four contracts for electronic gauging of pipe lines worth £200,000. They are for Shell North Sea, Total Oil Marine North Sea, Neste Oy, the marine north Sea, Neste Cy. the Finnish Gas Authority and the multi project mid line Fawley to Kingsbury Project for Pencol Consulting Engineers. Chorley Rentair has won on-going contracts totalling £250,000 with Rolle Boyce British Steal NEC Rolls Royce, British Steel, NEC and a number of off-shore comstruction of roads and sewers at the Warndon Industrial Estate for Worcester City Council



Tremco design and manufacture an innovative range of Roofing Systems for long-term weatherproofing for details.

This advertisement complies with the requirements of the Council of The Stock Exchange.



Province of Manitoba

(CANADA)

U.S. \$150,000,000

7½% Debentures due May 20, 1996 Series AX

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CIBC Limited

April 28, 1986

IBJ International Limited

Merrill Lynch International & Co.

Orion Royal Bank Limited

The Nikko Securities Co., (Europe) Ltd. Richardson Greenshields of Canada (U.K.) Limited

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Application has been made to the Council of The Stock Exchange for the Debentures, issued at 10014 per cent., to be admitted to the Official List, subject only to the issue of the temporary global debenture. Interest on the Debentures will be payable annually in arrear on May 20, beginning May 20, 1987. Particulars of the Debentures, in the form of an Extel card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including April 30, 1986 from the Company Announcements

25 Austin Friars London EC2N 2JB

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April 28, 1986

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WORLD STOCK MARKETS

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES Dollar pauses for breath

BY COLIN MILLHAM

Profit taking and covering of short positions led to a slightly more stable dollar at the end of last week. A technical correc-tion was inevitable after a fall

from Y180 on April 8 to a record trading low of less than Y167 in Tokyo last Thursday. The partial recovery to Y168.15 at the Friday close in London may prove to be only a pause for breath, however, before the US currency begins another period of weakness.

The dollar had been falling against the yen, and to a lesser extent against other major currencies, since the New York meeting of the Group of Five in September, but was still above Y200 for most of January, and holding fairly steady. The fall towards Y190 began on January 24, when Mr Noboru Takeshita, Japanese Finance Minister, said that a rate of Y190 would be acceptable.

There was very little stability

C ry Pair pinmer on accordant with the pince of a different the pince of a different the case of the c

£ IN NEW YORK

April 25	Close	Prev. close
I month 3 months 12 months	81,5525-1,5549 0,48-0,47pm 1,26-1,24pm 3,63-3,56pm	0.49-0.47pm 1.27-1.25pm 3.68-3.60pm
	emiums and di- to the U.S. do	

Y150 before the end of March, followed the first flare-up between the US and Libya, and the tween the US and Libya, and the announcement that Mr Preston Martin was to resign as vice chairman of the Federal Reserve Board. This was thought to strengthen the hand of Mr Paul Volcker, the Fed's chairman, who has consistently warned of the inflationary dangers from a downward spiralling dollar.

During April garious attempts

acceptable.

There was very little stability at Y190 however, with the dollar falling quickly through this level, and down to Y180 by the end of February. March saw a period of consolidation. The dollar held steady around Y180 until the month, when it fell to Y175, on fears that falling oil prices would cause problems for the US banking system, because of exposure to large debt risk was prepared to call the Japaof exposure to large debt risk was prepared to call the Japa-with oil exporters such as ness central bank's bluff.

Mexico.

Japan appears to call the Japa-

stronger hand in shoring up the dollar through reversing, or at least halting, the downward trend in US interest rates. Falling yields on US Government paper has led to suggestions of Japanese disinvestment in the Treasury bond market. Rumours of a Sibn sale by a Japanese insurance company, led to a sharp fall in US bond prices, amid suggestions that low yields could produce problems for the Federal authorities, in funding 'he budget deficit.

CURRENCY RATES

H FL Line

				Bank	; Special Europea	
April 25	£	 5	April. 25	rate %		Currency
Aus alia a Brazil Finiand Greece H kong Iran Kuwait Lux burg Malayaia Yland Saudi Ar Sin pore S Af . (Cm) S Af . (Fn) .	2.0885 2.0920 21.03-21.16 7.6000 7.6200 211.36-216.65 11.835-11.8765 0.4380-0.4390 68.45-68.55 3.9295-3.9485 2.6295-2.6315 6.5660-5.976 3.3435-3.3546 3.1175-3.1300	4,9780-4,9800 :137,61-140,40 :7,7625-7,7675 78,40*	Sterling US 8 Canadian 8. Austria Sch Beiglan Fr. Danish Kr D'mark Guilder French Fr. Lira Yen Norway Kr. Span'h Pta. Swedish Kr Swedish Kr Swedish Kr Greek Drch Irish Punt	61g 9,27 4 854 7 31g 41g 91g 13 13 8 8	1.17408 1.62921 18.0632 52.4608 9.50418 2.57124 2.90644 8.21152 1765.46 197.187 8.17864 163.783 8.28490 2.14915	137.060 6,91155
	Selfine re	**	e eng	ratae s	re for Am	d 24

ing yields on US Governmen	£25,000 (cents per £1) £12,500 (cents per £1)
paper has led to suggestions of	Strike Calls—Last Puls—Last Strike Calls—Last Cont. Man. Luly Cant.
Japanese disinvestment in the	' 1 20
Treasury bond market. Rumours	1.25 - 23.18 - 23.18 - 0.00 - 0.11 1.75 - 26.70 - 28.70 - 0.10 - 0.25
of a \$1bn sale by a Japanese	: 1.30
insurance company, led to a	1 100 1010 1010 1010 1010 1010 1010 1010 1010 1010
sharp fall in US bond prices	145 979 979 970 970 971 971 972 975 975 975 975 975 975 975 975
amid suggestions that low yields	1.50 4.09 4.87 5.58 6.45 1.22 2.42 3.44 5.05 1.50 3.96 4.90 5.80 6.80 1.20 2.70 3.30 4.86
could produce problems for the	Estimated volume total, Calls 69, Puts 167 Previous day's open int, Calls n/a, Puts n/a
Federal authorities, in funding	
'he budget deficit.	PHILADELPHIA SE E/S OPTIONS LIFFE—EURODOLLAR OPTIONS
This is obviously a sensitive	£12.500 (cents per £1) \$1m points of 100%
subject, and Japanese investment	Strike Cells-Last Puts-Last Strike Cells-Last Puts-Last price May June July Sept Dec May June Sept Dec May June Sept Dec May
in US Government paper is at	price May June July Sept May June July Sept price June Sept Dec Mar June Sept Dec Mar 120 — 34.90 — 34.90 — — 0.05 90.00 3.20 — — — 0.00 — — —
a high enough level where it	1.25 - 29.40 - 29.90 0.10 90.50 2.70 2.71 0.00 0.00
would not be in the interest of	
the US or Japan to see the bond	1.35 19.90 19.90 19.90 — 0.05 0.20 0.80 91.50 1.70 1.72 1.64 — 0.00 0.01 0.05 — 1.40 14.90 14.90 14.90 15.10 0.05 0.25 0.45 1.10 92.00 1.20 1.25 1.20 — 0.00 0.04 0.11 —
market collapse, through a	1 45 990 990 10 10 10 70 0.15 0.60 1.20 - 92.50 0.71 0.81 0.81 - 0.01 0.10 0.22 -
sudden lack of confidence.	150 520 600 650 740 0.45 150 250 3.80 93.00 0.30 0.45 0.48 — 0.10 0.24 0.39 —
Nevertheless the downward	
drift in the value of the dollar	
seems set to continue, after a	I ANNAM IT TO THE TREE STATE OF THE TREE STATE OF THE STA
brief pause.	sim points of 100%
Economic fundamentals have	20-YEAR 12% NOTIONAL GILT Close High Low Prev Close High Low Prev
not changed. US economic	Sant 92 21 93 22 93 11 93 26 June 83.50 84.53 84.64
growth is sluggish, as illustrated	Cities Fright Law Frey Dec 93.09 93.11 93.01 93.14 55pt 34.07 34.23 34.14 54.07
by last week's announcement	Save 127.01 127-12 128-20 128-20 March 92.87 92.90 92.78 92.91 March 93.77 63.82 93.75 53.83
that March durable goods orders	Dec 127-00 — 128-19 June 92-65 — 20-69 June 93.54 93.70 93.55 93.61
fell 2.5 per cent. US March trade	March 127-00 120-19 The grace grace 55.54 55.54 55.54 55.54
figures are due for release on	Estimated volume 7,561 (4,180) 1965 35.13 35.20 35.70 33.20 February 4,950 41,950 Estimated volume 7,561 (4,180) Month 82,95 93,05 9
Wednesday, and the market will	Paris musts (slann seets price of 12s) Previous day's open int. 19,644 (19,137)
be looking for signs that the	Treasury 2004-08 leas equivalent price US TREASURY BONDS TUBE SACROUS TREASURY CONTRACTOR OF THE SACROUS TREASURY CONTRAC
weaker dollar is beginning to	of near tutures contract) -4 to 4 8% 3100,000 32nds of 100%
cut the very large trade deficit,	(aznos). Close High Low Prev trans eg gg eg
particularly with Japan.	Close High Low Prev June 93.07 93.21 93.05 93.49 10% NOTIONAL SHORT GILT Super 99-14 100.05 98-19 98-30 Sept 93.40 93.21 93.03 93.08
	Cioes High Low Prev June 93.07 93.21 93.05 93.10 10% NOTIONAL SHORT GILT June 99-14 100.05 98-19 98-90 June 93.07 93.21 93.05 93.10 2100,000 64ths of 100% Sept 98-16 98-13 98-13 86-13 86-15 86-17 Dec 92.90 93.08 92.87 92.95
particularly with Japan.	Close High Low Prev 2016 Sept 98-19 98-30 Sept 93.07 93.21 93.05 93.10 10% NOTIONAL SHORT GILT Sept 98-19 98-16 98-13 98-30 Sept 93.40 93.21 93.03 93.08 93.10 Dec 97-28 Dec 97-28 Sept 93.40 93.25 92.87 92.95 Dec 97-28 Sept 93.40 93.25 92.87 92.95 Dec 97-28 Sept 93.40 93.25 92.87 92.95 Dec 97-28 Sept 93.40 93.25 92.87 92.95 Per 93.08 9
	Close High Low Prev June 93.07 93.21 93.05 93.19 10°4 NOTIONAL SHORT GILT June 99-14 100.05 98-19 98-30 June 93.07 93.21 93.05 93.19 Sept 98-19 98-36 98-13 98-03 Dec 97-28 Dec 97-28 June 103-25 103-30 103-18 103-18 103-18 Previous day's open int, 8,111 (8,141) June 92.43 92.96 92.44 92.49 June 103-25 103-30 103-18 103-18 Previous day's open int, 8,111 (8,141) June 92.43 92.96 92.44 92.98
particularly with Japan. CURRENCY RATES [Bank Special European	Close High Low Prev June 99-14 100.05 98-19 98-30 June 93.07 93.21 93.05 93.19 100.000 64ths of 100% NOTIONAL SHORT GILT Sept 98-19 98-36 98-13 98-30 Dec 97-28 Dec 97-28 Dec 97-28 Dec 97-28 Dec 97-28 Dec 97-28 Dec 97-28 Dec 97-28 Dec 98-10 98-10 Dec 98-10 Dec 98-10 98-10 Dec 98-10 98-10 Dec 98-10 98-10 Dec 98-10 98-10 Dec 98-10 98-10 98-10 Dec 98-10 98-10 Dec 98-10 98-10 98-10 Dec 98-10 98-10 98-10 98-10 98-10 Dec 98-10 98
particularly with Japan. CURRENCY RATES Bank Special European Prawing Currency Curren	Close High Low Prev June 25 (201) Cose High Low Prev Located Volume 11,627 (6,750) Estimated volume 285 (201) Entimated volume 285 (201)
CURRENCY RATES Sank Special European Currency Rights Unit	Close High Low Prev June 703-25 T03-30 103-18 103-38 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) Close High Low Prev Los Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) CHICAGO Close High Low Prev June 703-25 T03-30 103-18 103-38 Estimated volume 11,627 (6,750) Previous day's open int. 8,111 (8,141) Sept 103-45 Previous day's open int. 1,161 (1,182) CHICAGO CHICAGO Los High Low Prev June 93.07 93.21 93.05 93.10 93.05 93.10 93.05 93.10 93.05 93.06 93.25 93.05 93.27 93.25 93.05 93.27 93.2
CURRENCY RATES April. 25 Bank Special European Trate Drawing Currency Unit Sterling 0,763381, 0,638429	Close High Low Prev June 103-25 103-30 103-18 103-18 Sept 103-25 103-30 103-18 103-85 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING Close High Low Prev June 103-25 103-30 103-18 103-18 103-18 Sept 103-25 103-30 103-18 103-18 Sept 103-25 103-30 103-18 103-18 Sept 103-25 103-30 103-18 103-18 Sept 103-25 103-30 103-18 103-18 Sept 103-25 103-30 Sept 103-25 103-30 103-18 103-18 Sept 103-25 103-30 Sept 103-25 1
particularly with Japan. CURRENCY RATES April. 25 Bank Special European Currency Rights Currency Unit Sterling	Close High Low Prev June 27-28 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev June 11,827 (6,750) Estimated volume 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev Lose Estimated volume 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev Prev Estimated volume 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev Sept 93,07 93,21 93,05 93,16 93,10 90,00 91,00 92,00 92,67 92,25 92,67 92,25 92,67 92,25 92,67 92,25 92,67 92,25 92,67 92,25 92,67 92,26 92,47 92,49 92,
Darticularly with Japan. CURRENCY RATES Bank Special European Tayling Currency Rights Unit Sterling Galacian S. 612 1.17408 0.975519 Canadian S. 9.27 1.62821 1.55324 Austria Sch 4 18,0532 16,1205	Close High Low Prev June 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev June 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev June 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev June 285 (201) Three-Month Sterling E500,000 points of 100% Close High Low Prev June 39.06 99.26 99.27 92.28 Close High Low Prev June 39.07 93.21 93.05 93.10 Sept 98-19 98-19 98-19 98-19 98-19 Eatimated volume 11,827 (6,750) Previous day's open int. 8,111 (8,141) CHICAGO CHICAGO U.S. TREASURY BONDS (CBT) 8% 100,000 32nds of 100% Close High Low Prev June 90.65 99-20 97-29 98-19 CORRENCY FUTURES CURRENCY FUTURES COUNTY FOREIGN EXCHANCES
Darticularly with Japan. CURRENCY RATES Bank Special European Taxte Drawing Currency Drawing Currency Drawing Currency Drawing	Close High Low Prev June 703-25 T03-30 103-18 T03-35 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100%. Close High Low Prev June 703-25 T03-30 103-18 T03-18 Sept 103-45 Dec S1.03 Sept 103-45 Dec S1.03 Sept 103-45 Dec S2.90 Siz. 82.95 Sept 32.44 Sept 103-45 Dec S2.90 Siz. 82.95 Sept 32.45 Sept 103-45 Dec S2.90 Siz. 82.95 Sept 32.45 Sept 103-45 Dec S2.90 Siz. 82.95 Sept 32.45 Sept 103-45 Dec S2.90 Siz. 82.95 Siz. 82.95 Sept 103-45 Dec S2.90 Siz. 82.95 Sept 32.45 Siz. 82.95 Sept 32.45 Siz. 82.95 Sept 32.45 Siz. 82.95 Sept 32.45 Siz. 82.95 Sept 32.45 Siz. 82.95 S
Daricularly with Japan. CURRENCY RATES Bank rate Drawing Currency Rights* Drawing Currency Rights* Currency Curren	Close High Low Previous day's open int. 1,161 (1,182) THEE-MONTH STERLING Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THEE-MONTH STERLING Estimated volume 285 (201) THEE-MONTH STERLING Estimated volume 285 (201) The sterling Stept 20,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THEE-MONTH STERLING Estimated volume 285 (201) The sterling Stept 20,000 points of 100% The sterling The sterli
Darricularly with Japan. CURRENCY RATES Sank rate Special prawing Currency Rights Unit Sterling	Close High Low Prev June 703-55 103-30 103-18 103-38 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING 2500,000 points of 100%. Close High Low Prev June 703-55 103-30 103-18 103-38 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING 2500,000 points of 100%. Close High Low Prev June 90.43 90.46 90.30 90.32 Sept 97-14 98-25 97-03 98-19 98-1
Darricularly with Japan. CURRENCY RATES Bank rate Drawing Currency Trawing Currency Trawing Currency Unit	Close High Low Prev June 703-25 T03-30 103-18 103-95 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) U.S. TRES-MONTH STERLING E500,000 points of 100%. Close High Low Prev June 285 (201) Previous day's open int. 1,161 (1,182) U.S. TRES-URY BONDS (CBT) 5% Slope 30.43 90.46 90.30 90.32 Sopt 92.49 92.46 92.49 92.60 97.29 97.2
Darticularly with Japan. CURRENCY RATES Bank Special European rate Drawing Currency Rights Currency Unit Sterling - 0.763381 0.638429 Unit Sterling - 0.763381 0.638429 Unit Sterling - 0.763381 0.638429 Unit Sterling -	Close High Low Prev June 703-25 T03-30 103-18 t03-18 Sept 103-45 — 103-85 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100%. Close High Low Prev June 285 (201) Previous day's open int. 1,161 (1,182) U.S. TREASURY BONDS (CBT) Sept 100-45 Sept 30-45
Dark Currency Cu	Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING E500,000 points of 100% Close High Low Previous day's open int. 1,161 (1,182) June 90.43 90.46 90.20 90.22 Sept 97.14 90.25 97.03 97.24 Sept 91.08 91.14 91.00 90.98 Sept 91.08 91.14 91.00 90.98 March 91.25 91.30 91.20 91.12 June 95-03 96-07 94.26 95-11 96-29 June 91.16 91.21 91.10 90.96 Estimated volume 6.374 (3,388) Previous day's open int. 18,312 (17,853)
CURRENCY RATES	Close High Low Prev June 703-25 103-30 103-18 103-18 Estimated volume 285 (201) Previous day's open int. 1,161 (1,182) THREE-MONTH STERLING ESO,000 points of 100% Close High Low Prev June 90.43 90.46 90.30 90.32 Sept 39.09 90.43 90.48 90.30 90.32 Sept 39.49 90.49 90.43 90.46 90.30 90.32 Sept 39.49 90.49 90.43 90.46 90.30 90.32 Sept 39.49 90.49 90.43 90.46 90.30 90.32 Sept 39.49 90.49 90.49 90.43 90.46 90.30 90.32 Sept 39.49 90.49 90.49 90.40 90.43 90.46 90.30 90.32 Sept 39.49 90.40 90.
Darricularly with Japan. CURRENCY RATES Bank Special European Taxe	Close High Low Previous day's open int. 1.161 (1.182) Low Previous day's open int. 18.112 (17.853) Low Previous day's open int. 18.112 (17.853) Low
CURRENCY RATES	Close High Low Prev
CURRENCY RATES	Close High Low Previous day's open int. 1,161 (1,182) U.S. TREASURY BORIDS Close High Low Previous day's open int. 1,161 (1,182) U.S. TREASURY BORIDS CEST U.S.
CURRENCY RATES	Close High Low Previous day's open int. 1,161 (1,182) U.S. TREASURY BORIDS Close High Low Previous day's open int. 1,161 (1,182) U.S. TREASURY BORIDS CBT U.S.
CURRENCY RATES	Close High Low Previous day's open int. 1.161 (1.182) Low Pr
Dark Currency Cu	Close High Low Previous day's open int 1,611 1,182 1,109 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,129 1,16 1,161 1,182 1,100 1,161
Particularly with Japan. CURRENCY RATES Sank Special European Tate	Close High Low Previous day's open int. 1,161 1,182
Dark Currency Cu	Close High Low Prev
CURRENCY RATES	Close High Low Previous day's open int. 1,161 1,182

0,264 0,406 0,886 68,25 2,821 0,740 1, 608,4 0,663 18,09 0,434 0,667 1,456 112.2 4,637 1,816 1,644 1000, 0,924 29,78

0.470 0.782 1.575 121.4 5.018 1.316 1.779 1082 1. 52.17 1,460 2.245 4.898 377.4 15.60 4.091 5.523 3364 3.102 100

LONDON SE E/S OPTIONS

Puts-June Sept 0.94 1.42 0.13 2.18 0.32 3.04 1.05 3.63 2.02 5.64 3.21 5.17 4.58 7.40 6.45 9.06

Financial Times Monday April 28 1986

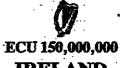
MITSUI FINANCE ASIA LIMITED

(Incorporated in the Cayman Islands).

US\$150,000,000 **Guaranteed Floating-Rate Notes 1997**

In accordance with the provisions of the Notes, notice is hereby given that for the three month period, 28th April, 1986 to but excluding 28th July, 1986 the Notes will carry an Interest Rate of 71/16% per annum. Coupon

will be US\$178.52 on the Notes of US\$10,000. Mitsui Finance Trust International Limited Agent Bank



IRELAND Floating Rate Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 77/14% and that the interest payable on the relevant Interest Payment Date, October 28, 1986 against Coupon No. 3 in respect of ECU 10,000 nominal of the Notes will be ECU 378.07.

April 28, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

Granville & Co. Limited

M	ember of The National A and Invest	sencis nent A	tion of : Aenagers	Securit	y Dea	iers .	-
Lovat Lai	ne. London EC3R 8BP	- :-	•	Telepi	one:	01-621	1212
			· .				Ē ·
Capitelisata			Change	Gross	Yield		Fully
£000's	Company	Price	on week	div.(p) %:	Actual	texed
-4,465	Ass. Brit. Ind. Ord		-1	7.3	5.6	8.0	7.5
· " —	Ass. Brit. Ind. CULS	- 1 to 1	. —🤊 、	10.0	7.4		_
4,110	Airsorung Group	· 71	-2	6.4	90	- 11.8	15.4
725	Armitage and Rhodes	23	-2	4.3	14.8	3.8	4.3
54,697	Bardon Hill	170	·	4.0	2.4	21.5	22.4
3.358	Bray Technologies	61x		4.3	7.0	;7;2	6.6
476	CCL Ordinary	136	- : 2	12.0	8.8	. 3.3	3:2
1,213	CCL 11pc Conv. Pf	97	-2	15.7	16.2	· —	
8.639	Carborundum Ord	144	-1	9.1	6.3	7.0	7.1
637	Carborundum 7.5pc Pf.	91	_	10.7	11.8		_
4,305	Deborah Services	55	-1	7:0	12.7	5.7	7.5
3,323	Frederick Parker Group	23	+1	_		_	—
2,030	George Blair	110		_		4.5	B.1
2,356	Ind. Precision Castings	58	-1	3.0	5.2	15.3	12.8
12,268	lais Group	154	-3	- 15.0	9.7	11.8	17.7
6.249	Jackson Group	120		5.5	4.6	8.1	8.1
46,090	James Burrough	330 .	-7	15.0	4.5	10.4	10.4
3,387	James Burrough SpcPf.	97		12.9	13.3	-	_
5,836	John Howard and Co.	56	-4	5.0 -	8.9	-	_
45,141	Minihouse Holding NV	1380	+160	8.7	0.6	45.6	54.1
	Robert Jenkins	68 ·	-2			· 8.8	19.4
1,800	Scruttons "A"	30	_			_	7.7
1,684	Torday and Carliale	69		5.0	7.2	3.5	6.3
1,450	Trevies Holdings	320	_	7.9	2.5	6.7	8.5
8,164	Unitock Holdings	52.		2.1	4.0	14,1	13.B
22,453	Waiter Alexander	174	1	86	4.9	9.8	12.0
4 644	104 8 14	400	_	:			

* Morgan Guaranty rates are for April 24. POUND SPOT-FORWARD AGAINST POUND

CURRENCY MOVEMENTS OTHER CURRENCIES

Bank of Morgan* England Guaranty Index Change %

April 25	Day's spread	Close	One month	% p.a.	Three months	p.a.
US	1.5245-1.5385	1.5375-1.5385	0.49-0.48c pm	3.71	1.27-1.22pm	3.24
Canada	2.1179-2.1341	2.1280-2.1310	0.29-0.17c pm	1.30	0.54-0.38pm	0.87
Nethind.	3.7613 821	3.781,-3.791,	13-13c pm	5.36	43-412pm	4.90
Belgrum	68 18-69.20	68.45-68.55	15-10c pm	2.20	42-33pm	2.20
Denmark	12.354-12.534	12.401-12.411	_ `	_		_
reland	1.1005-1.1185	1.1010-1 1030	0.05-0.15p dis	-1.09	per-0.20dis	-0.36
W. Ger.	3.3313 39	3.35-3.36	1 ⁷ 2-1 ³ 49f pm	6.51	434-43 ₂ pm	5.53
Portugat	212.46-224.44	217-27-220.58	170-415c dis	-15.53	440-1170dis	-14.25
Spain	213.13-215.97	213.13-213.80	20-65c dis	-2.39	95-210dis	-2.86
Italy	22944 23304	2304-2305	4-71; lire dis	-3.01	11-20dis	-2.70
Norway	10.664-10.754	10.7414-10.7514	21-3ore dis	-2.89	814-91-dis	-3.31
France	10.631-10 821	10.68-10.69	2"2"-c pm	3.02	7 1_61_p m	2.5
Sweden	10.81-10 894	10 83¼-10.84¾	1-15 ore dis	- 1.46	14-25dis	-0.83
Japan	2574-261	258-259	1.32-1.23y pm	5.91	3 62-3.46pm	5.47
Austria	23.59-23.85	23.59-23 64	121,-101,gro per	5.94	317-271 pm	5.07
Switz,	2.781-2 84	2.794 2.804	11-17c pm	6.16	434pm	5.89

FORWARD RATES AGAINST STERLING 1 5333 3.3375 10.6589 2.7879 257.24

EMS EURO	PEAN (CURREN	CY UNI	T RATE	S
	Ecu central rates	Currency amounts against Ecu April 25	% change from central rate	% change adjusted for divergence	Divergence
Belgian Franc	43 6761	43.8545	+0.41	+0.49	+1.5388
Danish Krone	7.91896	7.94072	+0.27	+0.35	÷1,6408
German D-mark	2.13834	2.14907	+0.50	+0.58	±1.1202
French Franc	6.95280	6.85204	-1.59	-1.51	±1.3701
Dutch Guilder	2.40935	2,42465	+0.64	+0.72	÷1.5081
Irish Punt	0.712956	0.707410	-0.78	-0.70	±1.6669
Italian Lira	1496.21	1474.50	-1.45	-1.45	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

					,	1
Sterling J.S. Dollar Can Dollar Guilder Sw. Franc Deutschmrk Fr. Franc tallar Lire	8.81g 56g-534 56 7g 47g-5 75g-77g	114, 114 6-2-7-5 859.819 6-3-5-3 1179.1219 5-5-9 7-59-7-5 1619-1719	1034-1078 678-7 812 974 536-512 412-468 458-454 758-735 15-1412	10% 10% 612 613 813 9% 84 646 412 416 412 769 127 769	978-10 614-612 812-912 614-549 415-412 716-712 1212-13	91g-95g 6 3-5 2 87g-91g 61g-55g 441g 45g-41g 71g-75g 121g-13
3.Fr.(Fin) 3.Fr.(Con) /en 3. Krone 48lan # (Sng)	914-10 912-10 513-614 8-812	914 918 914 934 513 512 8 815 517 715	849-858 819-9 414-479 758-818 612-716	77g-81g 77g-83g 4;; 4;3 7-71g 67g-7	73e.75s 71e.8 41e.434 71e.75e 67s.7	716 756 716 756 414 454 714 754 618 718

April. 25	term	notice	Month	Months	Months	Year	
terling	8.81g 56g.534 56.7g 47g.5 75g.77g	114-114 64-74- 84-84- 54-5-2 114-124- 5-5-6 7-6-7-4 164-174-	1034-1078 678-7 812-974 530-512 412-468 458-454 758-734 15-1412	10% 10% 612 613 813 9% 814 545 412 476 412 476 712 769 1879 1356	97g-10 6H-6H 8H-5H 5H-5H 4H-5H 4H-4H 7H-7H 12H-13	91g-95g 613-513 87g-91g 614-55g 441g 45g-41g 71g-75g 121g-13	
Fr.(Fin) Fr.(Con) en Krone slan 8 (Sng)	5 4 6 4 8 8 1 ₂	914-918 914-934 513-512 8-815 513-715	864-858 812-9 434-479 758 818 612-715	77g-81g 77g-83g 41; 413 7-712 67g-7	73e-75e 71e-8 41e-434 71e-76e 67e-7	71e 75e 71e-75e 41i 45a 714-75a 6il-7ib	

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.25-45.30.

MONEY MARKETS

Bank gets its message through

The Bank of England set back hopes of another cut in clearing bank base rates, by its action in the London money market last week. On Monday the authorities acted quickly to make sure the market did not think that the previous Friday's cut of \(\frac{1}{2} \) per cent to 10\(\frac{1}{2} \) per cent in base rates was merely a prelude to another reduction

A feature of the market was a large daily shortage of credit, giving the central bank plenty of opportunity to make its feelings known. On Monday the Bank of England declined to provide the usual late assistance, and instead offered to lend money to the discount houses, at a published rate, in order to balance the market's books. The Bank of England again offered funds for seven days, but increased the interest rate to 112 per cent. Further signals were not required, as the authorities bad

UK clearing banks base lending rate 11 per cent since April 8

Funds were lent for seven days at 11½ per cent. This was not a particularly penal rate, but was clearly intended as a signal for caution, as far as lower interest rates were concerned.

The signal was reinforced on The signal was reinforced on Tuesday, when the discount houses were again invited to borrow money. The Bank of England again offered funds for seven days, but increased the interest rate to 111 per cent.

WEEKLY CHANGE IN WORLD INTEREST RATES

	April 25	change		April 26	change
LONDON	101:		NEW YORK		<u> </u>
Base rates		Unch d		875	— <u>!</u> a
7 day interbank	11.0		Federal funds	6 14	+ 18
3mth interbank	10%	+ 19	3 Mth. Treasury Bills	5.2B	+0.45
Treasury Bill Tender	9.8470	+ 0,2468	6 Mth. Treasury Bills		+0.65
Band 1 Bills	10%	'Unch' d		6,57	+0.16
Band 2 Bills	10	Unch' d			1
Band 3 Bills	101.		FRANKFURT		ļ.
Sand 4 Bills	10.:		Lombard	6.5	Unch'd
3 Mth. Treasury Bills,	10,	+ ++	One mth. Interbank	4,575	+0,15
1 Mth. Bank Bills	103g	-dc	Three month	4,425	Unch'd
3 Mth. Bank Bills	10,2	+ 18			1
-		1	PARIS		1
TOKYO	467105		Intervention Rate	734	Un ch'd
One month Bills	4,53125	: -	One mth. Interbank	7.3	- }
Three month Bills	4,65825	. –	Three month	758	
			MILAN		į '*
BRUSSELS	814	Heater	MILAN	47.4	۱ ـ
One month	ă.,	OHER G	One month	1312	7e
Three month		:+ ra	Three month	15 %	Unch'd
AMSTERDAM		i	DUBLIN		1
AMO LECUAM	54	+ 14	One month	12	+ 18
One month			Three month	1114	+ 56
Three month	T 19		imaa maku	9	

MONEY RATES

i	Ov'r-nig't			ì	Months	
Frankfurt	78:118 656 531 4:40625 1439:1436	434-12 538-519 4.53125 1334-1438 8.2.8.2	1 - 1 - 1	418 414 514 57 4.65625 1 13% 1354		=

made it clear that the houses could either sell their bills, or pay a price for the privilege of keeping them, in order to sell at a higher profit when interest rates were cut. The market then sold more of its shorter dated paper, as it was clear there would be no immediate cut in

Bills on offer.......... £100m Total of applications....... £407m

BANK OF ENGLAND TREASURY BILL TENDER applications...... £407m £429m Total allocated..... £100m £100m

NEW YORK RATES

FT LONDON INTERBANK FIXING (11.00 a m. April 25)

LONDON MONEY RATES

April 25	Over night	7 days notice	Month	Three Months	Six Months	Опа Үеви
terbank. tering CDs tering CDs cealAuthorityDepos ceal Author'y Bonds scount Mkt Depos. mance House Depos reasury Bilts (Buy) ank Bilts (Buy) the Trade Bilts (Buy) collar CDs CL Inked Depos CL Inked Depos CL Depos	9-10	103 ₆₋ 107 ₆ 11 111 ₄₋ 113 ₆	10 ⁵ 4-1078 10 ⁵ 4-1078 10 ¹ 118 10 ¹ 2-1078 10 ¹ 4-1078 10 ³ 6-10 ³ 6 10 ⁴ 5-11 8.70-6.75 6.2-614 7:4-7-8	10 (10 (10 (10 (10 (10 (10 (10 (934-976 978 1034 — — 978 — 975 106	64-66
						

Treasury Bills (sell): one-month 10% per cent; three-months 9% per cent. Bank Bills (sell): one-month 10% per cent; three-months 10.10% per cent. Treasury Bills: Averag tender rate at discount 9.8470 per cent. ECGD Fixed Finance Scheme (V reference date March 5 to April 1 (inclusive): 11.577 per cent. Local authority and Finance Houses gaven days' notice, others seven days' fixed. Finance Houses Base Rate 12% per cent from April 1 1966 Bank Deposit Rate for sums at seven days' notice 9% per cent. Ceruscates of Tax Deposits (Series 5): Deposit £100,000 and over hald under one month 10% per cent: one-three months 10 per cent; there-six months 9% per cent; sine-12 months 9% per cent, Under £100,000 9% per cent from April 21. Deposits held under Series 5 9% per cent. Deposits withdrawn for-cesh 6 per cent.

Eighteenth year of continuous growth

1985 PRE-TAX PROFITS £22.0m	
1984	£17.5m
1983	£16.6m
1982	£14.8m

1981 £13.3m The state of the s 1980 £12.0m

1979 £11.0m £9.6m

£8.7m 1976

Turnover £240 million up 19% Earnings per share 69.7p up 44% Ordinary dividend 21.5p up 19%

66 I believe we will again be able to increase our profit before tax and that we will further improve the much higher level of earnings per share achieved in 1985.99

Copies of the Report and Accounts are available

Julian Sheffield, Chairman

from the Secretary, Laverstoke Mill, Whitchurch, Hants RG28 7NR.



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Portals Holdings PLC

Laverstoke Mill, Whitchurch, Hants RG28 7NR.